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CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

JAPAN

United States

* Continuing Close Relations With U.S. Urged *[SEIRON Mar]* 1
* Deteriorating Relations With U.S. Examined *[SANKEI SHIMBUN 29 Mar]* 7
* Changing Political System May Reduce Friction *[SANKEI SHIMBUN 1 Apr]* 8
Koji Watanabe Interviewed on U.S. Relations *[TOKYO SHIMBUN 4 May]* 10
Finance Ministry To Announce Decontrol Proposals
[THE JAPAN ECONOMIC JOURNAL 19 May] 10
Peace Marchers Traverse Areas Near U.S. Bases *[JPS]* 12
Public Investment Plan Expects 50% Growth *[ASAHI EVENING NEWS 14 May]* 12

Soviet Union

Joint Efforts Urged for Normalizing Soviet Ties *[ASAHI EVENING NEWS 5 May]* 12
New Soviet Consul Hopes Kansai Ties Yield Thaw *[THE JAPAN TIMES 8 May]* 12
Kanemaru Remarks on Northern Islands Viewed *[THE JAPAN TIMES 11 May]* 13
* Automakers Seek Inroads in Soviet Market *[NIHON KEIZAI SHIMBUN 20 Apr]* 14

Other Countries

Changes in Relations With ROK Analyzed *[THE DAILY YOMIURI 3 May]* 15
Editorial on Relations With Southwest Asia *[ASAHI EVENING NEWS 5 May]* 16
Prospects for Sea of Japan Rim Trade Viewed *[THE JAPAN ECONOMIC JOURNAL 12 May]* .. 16
Editorial Urges Accepting Global Responsibility *[THE DAILY YOMIURI 4 May]* 18
Editorial Views Global Financial Role *[MAINICHI DAILY NEWS 11 May]* 18
Column Analyzes Foreign Aid Policy, Promises *[THE DAILY YOMIURI 11 May]* 19

Political Affairs

* AERA Editorial Staff Profiles Ichiro Ozawa *[No 6]* 20
* LDP-JSP Era of Cooperation Questioned *[EKONOMISTUO 6 Mar]* 23
* Kanemaru Trying To Recruit Naoki Tanaka *[SHUKAN GENDAI 12 May]* 30

Domestic Affairs

Defense Agency To Introduce AWACS, MLRS *[NIHON KEIZAI SHIMBUN 9 May]* 30
* Patent Office Examiners' Criminal Acts Viewed *[SANDE MAINICHI 18 Mar]* 31
Plans for Enthronment Structure Faces Deadlock *[THE JAPAN TIMES 19 May]* 34
* Dilemma of Professor Shortage Discussed *[SANKEI SHIMBUN 18 Mar]* 35
* Roundtable Discusses Women in Work Place *[ECONOMY SOCIETY POLICY Mar]* 36

BURMA

Alleged Secret Agent in BBC Burmese Section *[London THE INDEPENDENT 18 May]* 45

United States

* Continuing Close Relations With U.S. Urged

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[Dialogue between Aoyama Gakuin University Professor Kenichi Ito and Long-Term Credit Bank of Japan consultant, Makoto Kuroda: "Allies Again Heading for Desperate Fight"]

[Text] **The Urgency of a Fundamental Reexamination of Japan-U.S. Relations**

Ito: It has been said for quite some time that Japan-U.S. relations are at a critical stage, or that friction between Japan and the United States has intensified. But a review of Japan-U.S. relations, now that we have entered the 1990's, seems to show that the critical nature of the current situation differs from what we have experienced in the past—in other words, we are now faced with the urgency of a fundamental reexamination of Japan-U.S. relations.

In the background of this situation is the argument that changes have occurred in the power relationship between the two nations, Japan and the United States—in economic strength, symbolized by the trade imbalance, and in the power relationship between the two nations, which has experienced a recent reversal, symbolized by differences in financial strength. And the historical significance of the changes which occurred over several months last year in Eastern Europe will also have a significant effect on Japan-U.S. relations. The concept of a reexamination of Japan-U.S. relations, which will transcend previous arguments, has emerged in the context of these events. In other words, U.S.-USSR relations, or East-West relations, are undergoing substantial changes. The fact that the threat of the Soviet Union and Eastern Europe, which had been the basic premise of U.S. diplomatic policy, is rapidly disappearing, is of great significance. And now, in the United States, the idea that the conditions under which the U.S. has been dealing with Japan must be reexamined seems to be gaining force among intellectuals, in Congress and, recently, in segments of the administration.

On the other hand, Japan has reaped great benefits within the framework of Japan-U.S. relations. If Japan has indeed accomplished the "Japan-U.S. Reversal" of which Prestowitz speaks, as long as the United States has remained unaware of this "reversal" or continued to accept it, Japan has not felt the need to change the existing framework. But the United States has voiced its discontent and dissatisfaction, and my feeling is that the methods that Japan has been using, in its attempt to solve these problems, will no longer be effective.

Furthermore, in 1991, Gorbachev will visit Japan. This visit may be the impetus which extends the "new concept" of diplomacy to this area of the world, also. For instance, if there is some dramatic change in Japan-USSR relations, including a solution to the problem of the Northern Territories, Japan may reexamine the Japan-U.S. alliance in the same context in which the United States is doing so.

Will the Soviet Union demand the abrogation of the Japan-U.S. alliance in return for the return of the Northern Territories and an accompanying detente with East Asia? I do not think that is likely but, nevertheless, for Japan's image of the Soviet Union as an enemy nation, or threat, to be reversed is an event of great importance. Just as the priorities of NATO and the Warsaw Pact, in Europe, are shifting rapidly from the military to the political, in the Asian and Pacific regions, too, there is the likelihood of developments which may transform the priorities of the Japan-U.S. alliance, which is purely a security alliance, to those with economic and political significance. The essence of Japan-U.S. relations may well be questioned, to the very roots, and in a sense which differs from the situation in the 1980's.

Fortunately, so far, there is not much talk about dissolving, dismantling, or destroying the Japan-U.S. alliance on either side. Even Fallows, who espouses the "containing Japan theory," and Shintaro Ishihara, who wrote *The Japan that Can Say "No"* realize the importance of U.S.-Japan relations. And, because they feel this way, they have presented their opinions about where emphasis should be placed in the rebuilding of this relationship. When this sort of open expression ceases, U.S.-Japan relations will truly be in danger, and this danger is closer than we may think. At least, that is how I feel.

Kuroda: I certainly agree that it is important to consider how the changes which occurred at the end of last year, especially in Eastern Europe, which surpassed all expectations, should be interpreted, and to give thought to the changing situation in the world framework. I also agree that U.S.-Japan relations will be thoroughly reassessed, in the context of this situation. We must think carefully about what sort of relationship is best, particularly from a global standpoint.

Some feel that the era of ideologies has ended, and that something resembling nationalism will come out into the open, resulting in increased conflict between the two nations, Japan and the United States. But since most people are of the opinion that the skillful management of this situation, and a good Japan-U.S. relationship, are in the best interests of Japan, the United States, and the entire world, we must think of a way to create a good relationship, without losing sight of these basic principles.

0The world's current analysis of the awe-inspiring changes which took place in Eastern Europe at the end of last year seems generally to be that they were the first act in a drama where the Soviet Empire yields to the West, or disintegrates.

It is certainly true that the nations of Eastern Europe did not willingly become Soviet satellites—they were forced into that situation. Uprisings in 1956 and 1968, in Hungary and Czechoslovakia, were suppressed with force. But, this time, the people proceeded cautiously and watchfully, and when they realized that their efforts might be successful, and that there would probably not be any military intervention, all their energy burst forth at once.

However, I would not draw the conclusion that the confrontational aspect of East-West relations has disappeared, once and for all. Most people are probably engaging in wishful thinking when they draw the conclusion that a major cause of opposition has now been eliminated. While I, too, have such hopes, I would not go so far as to say that.

And as for how that situation relates to Japan-Soviet relations, as professor Ito has indicated, it is certainly likely that when Mr. Gorbachev visits Japan in 1991, he will say something decisive. He may announce that two of the islands will be returned to Japan immediately, and the other two demilitarized, or offer to return them under certain conditions. He may be reluctant to relinquish territory, but problems are arising throughout the three Baltic nations. It is probably safe, in planning for the future, to assume that the Northern territories will be returned to Japan.

The Threat of the Soviet Union Will Not Disappear

Ito: I think that U.S.-USSR conflict will remain in some sense. What I mean to say is that, though ideological conflict may disappear, the fact that both the United States and the Soviet Union are superpowers still remains and, if one looks back upon the relationship between the United States and Russia before the Russian revolution, one can see that there has been an alternating cycle of periods of friendship and periods of conflict.

In the era when England controlled the seas, the United States and Russia cooperated in various ways to challenge or oppose England's supremacy. For instance, at the time of the Revolutionary War, Russia advocated an alliance of armed neutrality against England, and indirectly supported America. And, in 1863, when England and France attempted to use force to aid Poland in its revolt against Russia, America refused requests for help from England and France. Then, when the War Between the States began, England made advances to the Confederates, with the intention of restraining the North, the principal American entity. At that time, Russia dispatched its fleet to San Francisco and New York, in a gesture of aid to the North. The high point of American-Russian friendship was the sale of Alaska to America.

But when Russian imperialism accomplished its efforts toward territorial expansion by invading Manchuria, it collided with American national interests. Therefore, the United States shifted its policy, supported Japan, and prevented the southward advance of Russian troops. When I examine this repetition of history, it occurs to me that this aspect of the U.S.-USSR condominium, where the two superpowers find it advantageous to run the whole show, may show its face at any time in the future.

On the other hand, there is no chance that situations in which the national interests of the United States and the Soviet Union are in opposition will disappear. I cannot believe that the Soviet Union has abandoned its ambitions in the contest of strength and competition between the two great military powers.

Another problem concerns the Soviet Navy. Though the USSR has been building small aircraft carriers for helicopters, it has not built large, full-scale carriers of the 65,000-ton class. Since the latter are tools for controlling the seas, building them would indicate intentions in that direction. Until recently, the United States has adhered to a 15 large carrier system and, with that, has controlled international waters. The Soviet Union did not have even one large carrier. But I hear that it is now building one—they call it the Tbilisi—and that it will soon be cruising in the Far East.

This sort of naval military expansion (I would call it Far Eastern military expansion) indicates that Soviet military strength, including the Pacific Fleet, has not been reduced at all. On the contrary, it has been qualitatively increased. Since this situation continues to present a threat to the United States and to Japan, I would not say that conflict between the United States and the Soviet Union has disappeared, or that there is no longer any threat to Japan, because the Cold War between East and West has ended, and the war of ideologies has ended. When that issue has been confirmed, various debates will be necessary.

Kuroda: It is just as professor Ito said—no one knows what developments will occur in the Soviet Union, or what would constitute success or failure for Gorbachev. Mr. Gorbachev speaks of revolution. Revolutionaries are eager to destroy, to do away with existing systems, but I feel he lacks a plan for the future.

So, what causes me great concern is that the USSR's nuclear submarines have their nuclear warheads aimed at the United States. But idealists are getting carried away, and we must be prepared for the argument that Japan is the threat, now that the threat of the Soviet Union has disappeared.

However, and this is continually on my mind, the economic pressure which Japan is now experiencing has the same force as a military threat. And, in some ways, the pressure may be even greater. Arguments which use the same word, "threat," and which assume that economic pressure is synonymous with military threat, are absolutely absurd. I find it regrettable that there are those who would have people think that one is equivalent to the other. We must make an effort to explain, in no uncertain terms, that these are different issues we are dealing with.

It is very difficult to predict what will happen to the Japan-U.S. Security Treaty in the future. I cannot say often enough how important I feel that a good relationship between Japan and the United States is for Japan, the United States, and the entire world. However, some Americans feel that the present treaty is designed to give Japan a free ride. The new relationship must be reviewed in the context of the new situation. If this is not discussed thoroughly, there is little chance for a normal relationship.

There are certainly some elements of the Security Treaty whose purpose it is to protect Japan, but there are also those which provide for the American presence in Japan, to fulfill American requirements. We must prepare for the time, and it may come, when the United States withdraws from South Korea and Japan, and give due consideration to what sort of discussions will take place with regard to these two elements of the treaty.

The Age of Automatic Extension of the Security Treaty Has Ended

Ito: I agree completely. I think that the fact that people are beginning to perceive the economic tension between Japan and the United States on equal terms with the mutual military threat between the United States and the Soviet Union, giving it a zero-sum character, creates serious problems. A relationship experiencing economic tensions holds many possibilities for solution, depending on the methods used, and can be shifted to a positive sum. To accomplish this, systematic communication between Japan and the United States and instruments (tools) for mutual understanding are necessary to maintain the Japan-U.S. alliance. Therefore, a thorough consideration of the Japan-U.S. alliance, from this point of view, will be needed to give new life to a friendly Japan-U.S. relationship.

Everyone agrees on the importance of Japan-U.S. relations, but we have reached a point where the relationship is no longer simply a matter of reaffirming the existing relationship, protecting the security organization, and maintaining present conditions. In the 1990's, discussions about Japan-U.S. relations will have a new significance.

Since the 1960's, when the treaty was revised, automatic extension every 10 years has been possible, but I do not think we should continue to automatically extend the treaty. For instance, the Japan-U.S. alliance is a stabilizing force not only in the Asian and Pacific regions, but also for the entire world. In other words, the joint leadership of these two nations which account for about 40 percent of the world's GNP, as the G-2 nations, and their joint responsibility has surfaced in a very important way. And not only in the area of economics—but in the sharing of problems which all mankind faces, such as environmental problems and problems concerning cumulative debt. Solutions to all of these problems involve the joint responsibility of G-2, and the Soviet Union has absolutely no connection with this. We need now to reestablish the Japan-U.S. alliance, as a systematic foundation for G-2 leadership, and to reinforce it.

Article 2 of the existing Security Treaty contains the following, apt text: "The parties will contribute toward the further development of peaceful and friendly relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between them."

Therefore, the first step is to breathe some life into this article, and then to develop it further, and to advance something in the nature of a declaration which brings joint Japan-U.S. responsibility and leadership to the forefront. The military aspect, assuming that an agreement on regional arms reduction and regional military management is reached among Japan, the United States, and the Soviet Union, will be shifted to a more political, geopolitical alliance.

From a historical standpoint, the United States has continuously adopted a policy of forward disposition since World War II. In particular, after the Truman doctrine went into effect, it maintained bases in a forward disposition in areas surrounding the Soviet Union, sealing it in. NATO, and the U.S. troops in South Korean and Japan are vestiges of that policy. Now there is the possibility that American NATO troops will withdraw. In that case, will the United States continue with its policy of forward disposition? Even if this were to be the desire of Japan and South Korea, it may be too much to expect.

At that point, what will Japan's position be regarding the Security Treaty? One possibility, as I mentioned previously, is for Japan to obtain agreements with the Soviet Union, China, and North and South Korea and to work toward a detente. Another possibility is maintaining an agreement with the United States providing for emergency assistance, and this is likely to have increased importance in the future.

Therefore, I think that what is called for are two major components: a security treaty agreement formulated in the light of the new situation and new international environment which I have just described, and a new international economic order. These components would form a Japan-U.S. relationship which will make an international contribution and then, a Japan-U.S. treaty of friendship and cooperation, as a framework for this relationship, would be desired. A shift from a security treaty to a structure emphasizing cooperation will, in the long term, be a challenge not just for Japan and the United States, but for the entire world.

Kuroda: As Professor Ito just said, we must discuss long-term security considerations for Japan. For a long

time since the war ended, Japan has been much too blind about the security treaty. From now on, this treaty, and all its implications, must be given serious consideration.

When we consider Japan's future security, we should realize that the creation of a framework within which Japan's relationship with the United States is precisely defined, and within which there is mutual understanding and cooperation, will result in the best possible framework for that relationship—one which might be viable even for a hundred years.

The matter of economics, as Professor Ito mentioned, is described very well in Article 2 of the security treaty. We should refer to this from time to time, and remember what is written there.

A while ago, I proposed to the International Economic Cooperation Foundation, with which I am affiliated, that we ask Professor Matsuda of Tokyo University to chair a research conference on the ideal Japan-U.S. relationship. The conclusion reached at the conference was that we should draw up a charter for Japan-U.S. economics, and establish a basic cooperative framework. There were some problems—for instance, the suggestion that the two nations should jointly manage the world economy. This might engender the fear that the two nations are planning to act in their own interests, so we must be very careful about this particular issue. However, when one considers the weight of responsibility on these two nations, whose combined national strength is represented by a GNP that accounts for almost half of the world economy, then the two nations should make their views known to each other, and use their energy not in conflicts, but in cooperative efforts to guide the world economy in a favorable direction.

However, the sort of discussions that are actually going on are, unfortunately, of the sort which end up pulling the two nations apart, and putting them in opposition. Nationalistic, emotional debates may very well cause dangerous situations and extreme tension. We must make every possible effort to see that that sort of situation does not arise. On that matter, I have two suggestions.

The first is that, regrettably, there is little understanding of the actual situation. We should attempt to know more about each other. The starting point is a correct understanding of the situation. I am not saying that there will be complete agreement if the facts are made clear to everyone. However, in educating our citizens, that idea is to show that if we work together, a great deal can be accomplished.

As for the problems facing us now, at the Uruguay Round of GATT, we each clearly demonstrated our efforts to make it a success. We wanted everyone to know that it was a success, because there was true cooperation-...but the newspapers informed the people only about the issue where we were in opposition, such as the disagreement about rice. It is very difficult to get them to write about the successful aspects. But we will overcome that difficulty, and bring about good results through mutual cooperation. We will make efforts in that direction. I am in total agreement about activating Article 2 of the Security Treaty.

Lessons To Be Learned From History

Ito: The present relationship between Japan and the United States in some way resembles the relationship between the two nations after Japan won the Russo-Japanese War. I think we have a lot to learn from the history of that period. The point that I am trying to make is that, as I mentioned previously, when Russia advanced into Manchuria, the United States sensed danger, and supported Japan, resulting in Japan's victory in the Russo-Japanese War. However, after having gotten help in winning the war, Japan became overconfident and attempted to obtain sole control of interests in Manchuria. At that time, the United States was eager to participate jointly with Japan in the building of a railroad in Manchuria. But Japan firmly refused, and built the Manchurian Railway on its own. I think that was when Japan crossed the Rubicon. After that, Japan-U.S. relations never reverted back to what they had been.

Now, in Japan, there are a lot of healthy discussions taking place, but we must think about what will happen to Japan and the United States, and to the world, if these two nations each go their separate ways. The impact on the world will be completely different, depending on whether Japan-U.S. relations are stable or unstable.

Examining the Security Treaty, even if one assumes that East-West ideological confrontation has disappeared, the Soviet Navy still continues to maintain a strong presence in Far Eastern waters. And it is not difficult to imagine the future presence of the Chinese Navy in the East China Sea, or an increased influence of the Indian Navy in the Indian Ocean. Then, the effectiveness of military restraint, and of political stabilization, will depend on whether Japan and the United States are constantly at cross purposes, or whether they join together in taking firm measures.

The United States' unilateral approach has become conspicuous. For instance, at the Arche summit held after the Tiananmen incident, the United States agreed that any actions against China would be taken jointly with the other nations represented at the conference. But then, without any consultation with Japan or the other nations, in what seemed to be an attempt to jockey for position, Scowcroft visited China in July. The military operation in Panama, too, seems to me to have been unilateralism of an anachronistic sort. An extension of that was advising the Soviet Union, unwisely, to send troops into Romania. The danger of this sort of American foreign policy has come out in the open.

What nation can restrain this sort of behavior? At one time, England could have done this, but I think that in the future it will be up to Japan. Since the age when Japanese foreign policy was conducted as a confirmation

of American foreign policy, or in accordance with American foreign policy, has ended, for the sake of the entire world, Japan must create a relationship which allows it to speak out within a strong framework of alliance.

I do not think I need to emphasize how important it is for the two nations to discharge their joint responsibility by acting together in economic matters. We must rebuild such a relationship between Japan and the United States.

Kuroda: I think that is a very important point. Even if economic relations are left as they are, reality is rapidly moving ahead. Therefore, interdependence has already been established to a great extent. In fact, the situation is one that people find burdensome.

Japan and the United States should work together. And not just in economic affairs—Professor Ito and I are in almost complete agreement that both nations must be aware that they hold joint responsibility in many areas of international politics. But how can we make the United States aware of this unilateralism, or complacency which has just been pointed out?

On occasion, I tell Americans "you are good at instructing people about various matters, and at reasoning with them, but shouldn't you learn more about other people's opinions by listening to what they have to say?" What can we do to get them to listen to us a little more? I think that some of the extreme arguments which we have been hearing recently have been put forth in the hope that if the issues are emphasized to the point where they are made aware of them, then perhaps they will reconsider.

One example of this is the FSX [fighter support experimental] project. At the time when the decision was made, I suggested that the ideal solution was for Japan not to build the next fighter support plane on its own, or under the auspices of the United States, but to build it jointly with the United States; that we should give this idea our blessing, and promote it—surely, something good would result from this. Unfortunately, the developments which followed brought only mutual dissatisfaction.

In Japan, most people support the view that if Japan was actually capable of building the FSX, then it should have done so. There are some doubts as to whether Japan really could do it, but the prevailing argument was that Japan should make an effort to build it.

I find it interesting that, in the United States, some influential congressmen privately suggested that, yes, Japan should build the FSX on its own. These people were definitely not proposing a decisive confrontation between Japan and the United States. They probably realized that since the absurd argument has been raised in some places that Japan is too dependent on the United States, it would be better if Japan said, "All right, we're going to build it." Then, finally, an equal relationship would be created and, based on that, the subject of cooperation could be discussed. I think they meant that this sort of process was needed to get to that point.

There is something about the United States which irritates me. Of course, I am displeased when I hear it mentioned that Japan has accomplished its present economic success using "unfair methods." But putting this "methods" argument aside, I often hear arguments which suggest that Japan intends to usurp the position of the United States, or intends to dominate the world. Most people in Japan would respond to this, saying "That is not at all our intention. What we really want is for the United States to do things right, and we will cooperate with you." But what the Americans are saying is "Don't be presumptuous. And don't think that we are going to settle for second place. What we want is to be in more of an equal position."

Upon hearing this, it is not difficult to imagine Japan responding with the argument "Look, the United States is provoking us," or "Since they don't understand, no matter how many times we tell them, we have no choice but to go it alone."

Ito: I agree. Japan cannot and should not become Number One. The way to achieve lasting prosperity for Japan is to build a relationship with the United States, with the United States as Number One, in which there is an ideal division of labor, and partnership. The United States has reached a stage where, unless it keeps Japan as its partner, its prosperity, or prestige will decrease. On the other hand, if Japan and the United States can form a partnership of two different but equal entities, then the two nations can probably recreate an American political, military, economic, and cultural leadership similar to the era of American supremacy which lasted from the late 1940's through the 1950's.

But, to build a partnership between two nations which differ so greatly historically, culturally, and ethnically, we must prepare a systematic framework, a foundation.

That would be the new Japan-U.S. treaty, but to accomplish that, first there must be extensive discussions among the citizens in both nations.

As for what sort of sense of direction or consensus will be created between Japan and the United States, I think we should wait until the time when there are free, open discussions which transcend national boundaries. Japan and the United States are united as a common market in the area of economics, but the mass media of each nation puts too much emphasis on inward-looking arguments directed toward its own citizens. Americans, with their own point of view, criticize the Japanese, who have another point of view, or present counterarguments. We should create opportunities for the discussion of these two points of view. Then, when this great debate between citizens of both nations has taken place...since the results will become the premises which support the framework or foundation of the new treaty which we will then establish, I think that this should be done by the mid-1990's. If that can be accomplished, we can guarantee

the security of Japan-U.S. relations for a hundred years after that. Then there will be world peace and prosperity in the 21st century. The suggestion-generating activities of the Japan International Forum are significant here, in the sense that they raise questions on issues which transcend national boundaries.

The Hope for Open-Minded Receptivity to Advice

Kuroda: The Japan-U.S. Structural Impediments Initiative [SII] talks are, as Professor Ito says, an opportunity for the exchange of opinions about methods used by each nation. I would like to mention an interesting American viewpoint here. This appeared last November in an article written by THE WALL STREET JOURNAL's Washington correspondent about the SII talks. At the beginning of the article, a conversation between next-door neighbors is described. One person says "You have terrible taste in furniture." The other replies "Your household budget is in a mess. It's absolute nonsense. And you don't have the slightest idea about how to raise children."

Though even next-door neighbors would not be likely to have this sort of conversation, here we have two of the world's leading nations criticizing each other about taste in furniture and the raising of children—such is the nature of the SII talks. Indeed, this sort of situation causes the Japanese to react with arguments, such as "this is interference in domestic affairs," "they are disparaging our culture," "they are interfering in our affairs, just like they did in the past," and "aren't they ever going to get rid of this 'occupation force' attitude." And in the United States, some people are reacting with "we're not going to have Japan criticizing us—let them do whatever they please." It seems that these reactions are a result of both nations' having become too much involved in each other's affairs.

However, when the interdependence between the two nations, or the situation into which they have entered together, intensifies, the "neighbors" cannot just greet each other, and then go inside and go about their own business. Since intercourse is so frequent, the two inevitably get involved in each others affairs, the result being comments about the raising of children and taste in furniture. We must, at the very least, understand each other well, listen carefully to each other's advice, and correct what can be corrected. If we do not make every possible effort to prevent misunderstandings, we will have a distressing state of affairs. "We can't possibly work together with people who have such strange taste in furniture" and "We can't let our children associate with such children" is what we will hear.

Ito: I think that if both sides are capable of listening carefully to each other, then the SII talks will provide a good opportunity for communication. But how is the United States approaching them? It would be truly absurd and unacceptable, if these talks have been established as an excuse to activate the Super 301 clause, and to impose punitive sanctions on Japan, and further evidence of the United States' anachronistic unilateralism. The United States is losing sight of strength and responsibility, but it cannot forget its past supremacy. And, though Japan now has both strength and responsibility, the concept of leadership has not been developed. I think that, in the present-day world, this is an unfortunate situation. Japan must assume responsibility appropriate to its strength, and must pay careful attention, with an open mind, to what the world expects from Japan.

On the other hand, the United States has imposed punitive sanctions on Panama, and on Japan, and still has not dispensed with its old-fashioned concepts. Americans must quickly awaken to the fact that that age has ended. The citizens of the United States must be made to understand that now the only way their expectations of another nation can be realized is by discussing the issues, and obtaining a mutual understanding.

Kuroda: I agree with Professor Ito but, according to the Americans, it will not be easy to educate their people along these lines. A nationalist, or isolationist, attitude engenders sentiments like "we don't want people telling us to do—we have enough strength and leeway to manage by ourselves, which is preferable to having others interfering in our affairs." Included in those sentiments, I think, is also the idea that "we should stop meddling in the affairs of others." But some people are worried that arguments like "we should shut ourselves off from the outside world" may arise.

At present, economic conditions are good, so that sort of argument has not been raised. However, if unemployment increases, or the economy stagnates, there is always the risk that Americans will say that "unemployment has increased because we are importing too many foreign products," and argue that the deficit in the hundreds of million dollars is equivalent to unemployment of tens of thousands of people.

I think the real danger is that the Democratic Party, though it has overwhelming strength in Congress, because of its frustration in never seeming to be able to get a president into office, will fight for the presidency using protectionist, or inward-looking arguments.

The Nation That Must Ultimately Be Trusted—The United States

Ito: My view on this issue is that, just as Professor Ito says, there is an isolationist trend in the psychology of the American people. There is also a mob rule aspect to the politics of American democracy. But I don't want to end today's discussion with such a pessimistic outlook. (Laughs.) I will try to provide some balance by adding a positive aspect. Going back to just before World War I, there was a treaty governing the operation of the Panama Canal, the Hays-Pauncefote Treaty, administered by the United States, which specified that ships of all nations be

treated equally. Then there was a sudden rise of nationalism in the U.S. Congress, which passed a law stipulating that only American ships would be exempt from duties.

The major victim was the great naval power, England. And, at that time, England's international strength surpassed that of the United States. While deliberations were going on in the U.S. Congress, England continued to make firm protests to the U.S. Government. At that time, Kijuro Shidehara was a councillor at the Japanese Embassy in Washington, D.C. He was having a great deal of difficulty with the problems concerning the exclusion of Japanese immigrants in California and, just as England had done, he made firm protests to the U.S. Government. Meanwhile, Congress passed the new Panama Canal Treaty.

On an occasion when Kijuro Shidehara happened to be visiting the British ambassador, he asked him "What do you intend to do now?" The ambassador replied, "We won't do anything. We will leave things as they are." When Shidehara asked why, the reply was "If one looks at history, one realizes that this country often becomes reckless and commits unilateral, unfair acts. But it always becomes aware of its errors eventually, and corrects them of its own volition. This is a major characteristic of this nation. England will wait patiently for that time to come. England has no intention of going to war with the United States over the Panama Canal. We could continue our protests if we did intend to go to war, but since we do not, we will cease our protests. Japan is protesting about the California matter, but does Japan intend to go to war with the United States because of this? If it does not, then I advise you to stop protesting."

Then World War I broke out, and the matter of the Panama Canal was left in limbo. When the war ended, American public opinion was that its handling of Panama Canal affairs had been inappropriate and anachronistic. The United States repealed the law of its own accord, and without any connection to the British protest, and returned to its former practice of treating the ships of all nations in the same way. Japan continued its protests about the California problem and, in addition to the immigration problem, friction in other areas increased, resulting in the attack on Pearl Harbor.

In dealing with the United States, one must understand that it is a very complex country, and just as there are Americans who are presenting inflammatory arguments, there are also other Americans who think nothing of criticizing them. The United States is a nation that we can trust. Though it makes many mistakes, in the long run, its mistakes are fewer than those of other nations. I feel that it is all right for us to place our trust in the United States, and that forming an alliance with the U.S. is not a mistake. On the other hand, Germany may have many fine citizens, and may have had the capability to lead the civilized world, but Germany was not the proper country for Japan to form an alliance with. If it had not been for the Tripartite Alliance, Japan would never have been viewed with such hostility by the United States. Until the Tripartite Alliance was formed, the United States did not consider Japan as one of its main enemies. Germany was the real enemy, and Germany had to be destroyed. The United States thought that Japan might join its camp, if some sort of compromise could be reached. But when the Tripartite Alliance was formed, Japan's position became the same as Germany's—it, too, had to be destroyed.

In that sense, the decision of which nations to form alliances with is a very important one. Japan needs to have good relations with all nations, but that and having allies which can be depended upon in an emergency are not contradictory concepts.

Kuroda: The United States is a nation where there is a wide range and a wide variety of opinions. When we mention "the United States," we are often speaking only of a small part or a narrow aspect of that nation. Within the United States, there is a multitude of issues. The pendulum can swing to one side in the heat of emotion, and this is a peculiarity of American society, where opinions are influential. But this "self-correction capability" also exists. The United States has the strength to make restitution, when it wakes up one day and realizes what has happened. In that sense, I feel that we can basically trust the United States.

But there will always be upheavals in a society where the people's opinions have so much influence. And the power which would take advantage of these upheavals is always operating, so we must be careful. However, I would like to conclude by saying that I agree that the United States is a nation to be valued.

* Deteriorating Relations With U.S. Examined

902B0093A Tokyo SANKEI SHIMBUN in Japanese 29 Mar 90 p 7—FOR OFFICIAL USE ONLY

[Commentary by Tokyo University professor, Nagayo Honma: "Japan-U.S. Relations Require 'Rethinking'"]

[Text] Before retiring from Tokyo University at the end of March of this year, I made a last business trip to the State of Georgia. This gave me an opportunity to think about the end of one era and the beginning of a new era in my life as well as the Japan-U.S. relationship.

The city of Atlanta is known to be the place where the headquarters of Coca Cola, and CNN television station are located. Also, it is known as a city where Margaret Mitchell, author of "Gone With the wind," lived her entire life. I had heard that the Japan Society of this city was the most active one in the United States, and people in this city are very much interested in Japan. I spoke at Georgia Tech and many students intently listened to my speech. Some asked astute questions. I also visited Morehouse College where Martin Luther King, Jr. studied. They indicated a strong desire to have exchange programs with Japanese schools.

Savannah, a historic city established in the 18th century, plans to restore many old buildings. A certain block in the area looks like a town out of the past. Ms. Flannery O'Connor, a famous woman writer, was born in Savannah. I learned that there is a volunteer group which is trying to restore the house where she was born and raised, and where she died at a young age. Even here, there are Japanese tourists. The famous restaurant run by a woman in her eighties has been introduced by the mass media and is well known in Japan. I stayed in a hotel operated by a couple. While enjoying a homemade breakfast, I had a conversation with other guests. A businessman talked about the wonderful times he had in Japan during the Korean war. I came to the United States for the first time as a student in the mid-1950's, and hitch-hiked on a vacation. I remembered that many people who gave me a ride, noting that I was Japanese, told me that they enjoyed visiting Japan during the Korean war. Another guest said that he forgot his briefcase in Japan, but it was returned to him safely in six hours. I have heard many stories similar to that. I encountered a world which is a far cry from "Japan bashing."

However, it appears that the image of Japan-U.S. relations propagated by the mass media is deteriorating. If "Japan bashing" is only a temporary phenomenon, it will be a real relief. But, I cannot help but worry about it. I was able to communicate on the grass-roots level in Atlanta and Savannah. On the other hand, there are politicians who advocate anti-Japan policies, managed trade, and protectionism. They take advantage of theories developed by revisionists and intellectuals. I wonder if the friendly grass-roots level opinions can prevent these politicians from taking anti-Japan actions.

Even Professor J. Kirkpatrick, known as a hawkish political scientist, says that the postwar period ended in 1989, and the Cold War has almost ended. She also says that Americans must realize that the United States has become less important in Europe and that in the future it will be just a country but not a superpower. I wonder if Americans will be able to easily accept this. I suspect that it will be difficult for American policymakers to change their Cold War concept based on conflicts between the two superpowers. President Bush is said to be confident in the area of foreign policy. Is it not true that he is laying the groundwork for new situations after the Cold War era? Russell Baker, a columnist, says that the United States is brain dead while the world is drastically changing, and has lost the ability to think about anything other than anticommunism. Is it an overstatement to be concerned that the nightmare of anti-Japanism taking the place of anticommunism in American politics looms ahead? They say that there are some in Washington who claim that Japan is now the major "enemy" instead of the Soviet Union. It is not clear whether the Bush administration has as a policy the quieting of anti-Japan voices. It is extremely unrealistic to think that Japan will control the United States economically. American people with good common sense must understand this but I must admit that the story of a menacing Japan propagated by the mass media is appeals to ordinary Americans.

If the trade friction does not disappear, and the Structural Impediments Initiative [SII] talks do not produce remarkable results (it is an over-expectation that it will produce remarkable results promptly, because structures are intrinsic by nature), and if the threat from the Soviet Union diminishes, on what basis will friendly relations between Japan and the United States be maintained and developed? The unique description by Baker that the United States is brain dead because of its inescapable Cold War mindset should not apply to Japan. Conversely, it is dangerous to advocate that Japan should walk its own way because "the world has changed." Japan stands at a crossroads, having changed from a defeated country to an economic superpower, and can now be considered either a trustworthy ally or an ominous monster. It is incumbent upon the Japanese to "rethink" its position. This is necessary to deepen the grass-roots level goodwill fostered during the 40 years since the end of the war, and to dispel any existing mistrust of Japan.

* Changing Political System May Reduce Friction

902B0094A Tokyo SANKEI SHIMBUN in Japanese 1 Apr 90—FOR OFFICIAL USE ONLY

[Article by Takehiko Kiyohara, SANKEI Editorial Staff Chief: "Now Is the Time To Take Extraordinary Measures Regarding Election System"]

[Text] **A Political System That Hinders Wisdom**

"I am tired of dancing this endless waltz." The expression of the U.S. congressman openly stating his frustation with Japan in the Congress was shown on Japanese television as well.

"If a crisis comes to Japan, it will probably be from America." One is reminded of the ominous prediction of the British Journal THE ECONOMIST.

What in the world is the cause of the constantly rising criticism against Japan in the United States?

It is the U.S. trade deficit of nearly $50 billion with Japan. It is the perception gap based on the differences of both countries' culture and history. Along with East-West detente, the object of the American people's sense of threat has changed from the Soviet Union's military power to Japan's economic power.... Now, if one were to consider the causes generally raised, for the most part, would they be those mentioned above?

But, in addition to these, I would like to indicate that the globally peculiar Japanese election system is the underlying point as the fundamental cause giving rise to the argument within the United States that Japan is different and, even more, to U.S.-Japan friction.

Why is it that the Japanese people, putting to work the wisdom they naturally possess, cannot adopt policies beneficial for both the United States and Japan. Investigating the question, one must come upon Japan's election system as the ringleader impeding that wisdom.

The actual condition of the last election truly expresses this point.

All that was shouted loudly was, as usual, only emotional criticism of Recruit and the consumption tax. At a time of great movement in the international situation centered on Eastern Europe, on the one hand, and, on the other, an unprecedented worsening mood in U.S.-Japan relations, Japan's international role and the U.S.-Japan problem did not become election issues. Even looking back upon the political history of Japan, there probably is no example in the past that expressed so strongly the current state of Japanese politics—with its lack of policies—as much as this election.

Pushing "Not One Grain of Rice" Argument

A typical example is the "not one grain of rice" argument. In this election all the political parties—from the Liberal Democratic Party (LDP) to the Japan Communist Party (JCP)—publicly promised that, "We will not import even one grain of rice," but the attitude of each party was not viable in two or three respects, even ridiculous.

First, each party mouths "attaching great importance to consumers," but the price of Japan's rice is three to four times the international price due to the blocking of its liberalization.

Second, the population of the cities is greater than that of the farming villages. Despite a recent NIHON KEIZAI SHIMBUN poll in which those favoring rice imports—63 percent—accounted for twice the number of those opposed, each political party is fighting to become the spokesman for the interests of the minority.

Third, every farmer himself knows how far from reality the "not one single grain of rice" argument diverges.

There is only one answer to why, even so, this hard-to-understand reasoning remains. It is because each party has decided that "it pays in votes" to listen to what the producers and producer groups say rather than to aim for the "consumer vote as unreliable as scooping up sand," in the words of former Prime Minister Nakasone.

In the midst of such a situation, Motoo Shiina, a fervent internationalist, fought a unique election campaign in the rice-growing Iwate second district. Pointing out that no real issues were being offered in the campaign, he warned that, "under the present international situation, Japan will be caught up in the maelstrom if it makes one misstep."

Concerning the rice liberalization issue, he asked, "In the past no matter how much people strengthened the castle against the outside, when the castle fell the gate was always opened from the inside. Do you think you can go to Tokyo and convince your own sons who are on the side of the consumers?" He obliquely said, "Be prepared!" and told them to prepare for the worst in the argument to prevent rice imports.

The result of that: Against most expectations, Mr. Shiina lost the election.

Prime Minister Resolved To Sacrifice Himself

As seen in the example of Shiina, under the present multimember election districts, candidates who said rash things ended up losing. In a "non-platform" election, money becomes the trump card; offering help in entering school or in employment is a service to needy voters.

Because, under a multimember election district system that produces a number of dietmen (set from two to six), a political party aiming for a majority must run multiple candidates in each area, the result is infighting among politicians; an election fought over issues becomes impossible.

LDP candidates do not offer policies, so the opposition parties do not put forth proposals either. They are able to fight with a string of slogns critical of the LDP: "Opposition to the consumption tax," for example. This was the unalterable truth of the last election.

As the cause giving rise to political distortions, the infamous "vote gap" issue is added to the failings of the multimember election districts. It is not necessary to say much on the inequity of politics causing the present state of imbalance in numbers where a vote in a farming village is superior to one in a city.

The tendency toward political reform seen possibly springing up on the heels of the Recruit incident appears now to be sinking rapidly. But political reform does not stop simply at political morality and the issue of money; Japan must turn its attention to the reform of a political system to survive internationally.

Concerning reform of the election system, the eighth Election System Council, aiming for a party-centered, policy-centered system, is putting together a reform proposal adding a proportional system to a single-member election district system and is at the stage of presenting a report to the prime minister by the end of April.

Prime Minister Kaifu is promising to "respect the report and bring it about," but it will not do if his pledge simply ends as lip service. In order to accomplish a great historical task, a resolve to tackle the problem at the cost of sacrificing his entire political life will probably be necessary.

Koji Watanabe Interviewed on U.S. Relations

OW1005060190 Tokyo TOKYO SHIMBUN in Japanese 4 May 90 Morning Edition p 9—FOR OFFICIAL USE ONLY

[Interview with Deputy Foreign Minister Koji Watanabe by TOKYO SHIMBUN reporter Hideaki Yasuda—place and date not given]

[Text] A month has passed since a crisis in Japan-U.S. relations surfaced over the Structural Impediments Initiative (SII) talks and an interim report. In the past month, Japan made concessions to the United States on three items, including satellites, which had been listed under the Super 301 Clause of the Omnibus Trade Law (retaliations against, and listing nations, and actions using unfair trading practices) and Japan was dropped from being listed as an unfair trading nation under the article in late April. While Japan accepted U.S. demands as "something benefiting consumers," it is still reacting negatively against them. TOKYO SHIMBUN reporter interviewed Deputy Foreign Minister Koji Watanabe, who served as cochairman at the SII talks for Japan, on "the future of Japan-U.S. relations."

[Yasuda] Now that an interim report of the SII talks and three items at issue—supercomputers, satellites, and lumber—have been settled, is Washington's criticism of Japan subsiding?

[Watanabe] Growing criticism of Japan in the United States has subsided following the settlement of the interim report in April. I think this does not mean that anti-Japanese feelings in the United States have turned favorable, but have just stopped from further aggravating. President Bush and major U.S. newspapers positively appraised results for which the Kaifu Government did everything in its power and the appraisal was beyond our anticipation. U.S. Congress is not criticizing Japan and outwardly seems to be awaiting Japan's implementation [of the interim report].

I think it is premature to judge if the United States has changed its basic policy toward Japan. At a time when revisionists in the United States are asserting that Japan is a heterogeneous nation and the United States should fundamentally change its view of Japan, the latest settlement is very important in the sense of indicating that Japan has willingness and ability to reform.

[Yasuda] U.S. demands including the revamp of Japan's fiscal management at the SII talks triggered negative reactions and incited some sort of nationalism in Japan. What do you think?

[Watanabe] The current domestic backlash against Japan and nationalism against external pressures remain weakened in comparison with two or three month ago. I think that the situation is in good shape. To be sure, we argued against what the U.S. side indicated at the SII talks. However, from 60 to 70 percent of public opinion view that the essence of what the U.S. side indicated at the SII talks is not bad and is something benefiting Japanese consumers. I think that this represents the wholesomeness of Japanese society. Interdependence between the two countries has deepened and there has been no clear-cut line between domestic and nondomestic affairs. There is two-way communication between the two countries. The circumstances between the two countries are such that Japan can interfere in the domestic affairs of the United States.

[Yasuda] With drastic changes taking place in East-West relations, some people have begun to argue that Japan should seek its broad-ranged independence in connection with issues ranging from defense, based chiefly on the Japan-U.S. Security Treaty to trade.

[Watanabe] It is not necessary to change the fundamentals of Japan's defense, based on the two pillars of building up self-defense capabilities and upholding the Japan-U.S. security arrangements. I think this policy should not be changed. The easing of East-West tensions mainly in Europe, and the Soviet moves to this end will appear in Asia in the near future. Even if such a change takes place in Asia, the Japan-U.S. Security Treaty should be maintained as a framework of keeping the peace in Asia. In the economic aspect, however, if some people assert that Japan should continue to keep $50 billion of trade surplus with the United States and this amounts to the independence of Japan, their assertions are wrong. External imbalance and price differentials between Japan and other foreign nations should be redressed.

[Yasuda] The issue of opening the rice market will be a focal point in the latter part of this year.

[Watanabe] I do not want to comment on that issue. The United States and the European Community (EC) will undoubtedly reach some sort of compromises on the farm issue. I am concerned about what will become of Japan's position at that time.

[Yasuda] Would you explain schedules for the preparation of a final report [of the SII talks]?

[Watanabe] We plan to consult with the U.S. in Tokyo in late June about the preparation of the final report. Although it depends on progress in the preparation on the side of Japan, it might be necessary to hold additional talks with the U.S. until the final report is completed.

Finance Ministry To Announce Decontrol Proposals

OW1705052790 Tokyo THE JAPAN ECONOMIC JOURNAL in English 19 May 90 pp 1, 34—FOR OFFICIAL USE ONLY

[By staff writer Fumio Okamoto]

[Text] Japan's Finance Ministry next week will likely announce a series of sweeping market deregulation proposals, centering on decontrol of interest rates on time deposits, financial sources say. The ministry will present the proposals during the second round of bilateral financial talks May 21 and 22 in Tokyo with the U.S. Treasury

Department, which has been intensifying its pressure on Japan to free up its markets.

At the top on the meeting's agenda, according to the sources, is the drawing up of a timetable for the interest rate liberalization. A proposal to fully decontrol deposit interest rates by 1993 is now under discussion between the Finance Ministry and the Posts and Telecommunications Ministry, which oversees Japan's huge postal savings system. But as a first step, the ministry hopes to introduce by this fall a new money market certificate (MMC) on which interest rates would be indexed to market rates. The minimum deposit amount of the new MMC would by Y3 million.

Afterward, the ministry is to gradually reduce the minimum deposit amount of time deposits carrying deregulated rates. Time deposits, whose terms are fixed, have been a special target of U.S. negotiators because they account for 73 percent of the total savings deposits in Japan. About 35 percent of time deposits are for terms of more than one year. The formidable share of time deposits is unique to Japan's banking system, and it helps make possible the relatively long-term investment in funds made by Japanese banks. Nonetheless, U.S. Government and industry people believe that regulated rates have allowed Japanese banks to raise money with little competition at home and offer cheap loans overseas. Financial sources here expect the Treasury to endorse the proposal as long as Japan commits itself to meeting the timetable. The Treasury has already acknowledged the ministry's efforts to overcome difficulties in balancing conflicting domestic interests in working out the liberalization schedule.

Mulford Under the Gun

Still, U.S. officials are likely to take an aggressive posture at the meeting, offering a laundry list of proposals for further financial deregulation in Japan. Aside from interest rate deregulation, the Treasury is expected to call on Japan to reform the short-term money markets, especially abolishing withholding taxes on Treasury bills. It also will push for a bigger role for foreign firms in domestic capital markets, especially the stock underwriting business.

One motivation for the expected hard sell is that the U.S. Congress is becoming increasingly frustrated at what many members regard as the slow pace of financial deregulation here. David C. Mulford, Treasury undersecretary for international affairs and the Americans' chief negotiator, has come under especially strong pressure from hardliners on Capitol Hill. Sen. Jake Garn, a Republican from Utah, and Sen. Donald Riegle, a Democrat from Michigan, jointly sponsored a bill in January that aims to give the Bush administration more leverage to pry open foreign financial markets. The proposed Fair Trade and Financial Services Act would allow for retaliatory action against foreign financial firms if their home nations are judged to deny U.S. companies "reciprocal national treatment."

Speaking before the Senate Banking Committee April 5, Garn strongly criticized the Treasury for failing to make sufficient progress in financial market deregulation in Japan. "When I think about how little has happened in the last four years or so since I visited there, "I'm just staggered.... This country continues to be ripped off in manufacturing, ripped off in financial services, losing jobs and our competitive position around the world." Mulford, who also testified before the committee, argued that the Treasury has made substantial progress in changing the Japanese market and providing better access for U.S. firms. And he said retaliatory action against Japanese banks could "severely damage the markets on which our propsperity and global economy are so clearly based."

Drastic Commitment Needed

Some observers say that nothing short of a full interest-rate deregulation schedule would satisfy the Treasury or the Congress. They believe the Finance Ministry must make a strong committment to give a more free hand to U.S. financial firms in every aspect of their market activities. "It won't do much in helping American banks have effective market access" as long as Japanese traditions and business practices impede foreign entry, Lamar Smith, staff director at the Senate Banking Committee, told THE JAPAN ECONOMIC JOURNAL in a telephone interview.

On the Agenda

Other points the U.S. will likely stress at Monday and Tuesday's meeting include allowing foreign firms to play a larger role in Japan's fund management business, particularly in the burgeoning pension fund and investment trust management areas; more readily allowing the introduction of offshore products, such as money market funds (MMFs), which Merrill Lynch Japan Inc. has been trying to sell here; and giving more business opportunities to foreign firms by making business practices more transparent.

The Finance Ministry, meanwhile, is expected to further appease the Treasury by presenting a package of short-term money market reforms and approving some pending U.S. financial products and services, such as the Chicago Mercantile Exchange's Globex automated trading system and Merrill's MMFs. "We and the Treasury Department have been making steady efforts to open up both nations' financial markets, and we'll continue to do so at the upcoming talks," said a ministry official. "Nothing will get in the way of our bilateral talks—except some political pressure (from the Hill)."

Major U.S. REQUESTS For Financial Market Liberalization

—Total decontrol of interest rates on time deposits
—Allowing foreign firms to play a larger role in money market, including the tanshi (interbank money brokerage) business
—Abolishing withholding tax on Treasury bills

—Allowing foreign firms to play a larger role in pension funds and other fund management businesses
—More readily allowing the introduction of offshore products, such as asset-backed securities
—Allowing residents and non-financial corporations to freely open offshore investment accounts
—Allowing the Chicago Mercantile Exchange's Globex global trading system
—Making decisionmaking processes and other business practices more open transparent to foreign firms

Peace Marchers Traverse Areas Near U.S. Bases

OW1805134090 Tokyo JPS in English 0936 GMT 18 May 90—FOR OFFICIAL USE ONLY

[Text] Tokyo May 18 JPS—The 1990 people's peace march Tokyo-Hiroshima course, aim for the success of this year's the World Conference Against A and H [atomic and hydrogen] bombs, marched through the central part of Kanagawa Prefecture on May 17 where the U.S. military bases at Atsugi and Kamiseya are located. They marched through Ebina City where the people are suffering from the deafening noise of the NLP (night landing practice) of the U.S. aircraft carrier Midway, and Seya Ward of Yokohama City, where the U.S. naval communications base of Kamiseya is located, and the cities of Ayase and Yamato near Atsugi Air Base. The march from Tokyo to Hiroshima started on May 12.

Some 250 people joined the march in Kanagawa. It started at 9:30 in front of the city hall of Ebina, and then held a protest meeting at the gates of the Atsugi base. The march then passed the place where a U.S. plane crashed into an ironworks and killed 3 people in 1964, and then got to the Kamiseya communications base. They demanded the immediate halt of NLP (night landing practice), an end to the deafening noise, cancellation of the home-port arrangements for the U.S. aircraft carrier, and to stop the deployment of the U.S. aircraft carrier Independence, (which has greater nuclear attack capacity than the Midway), and the withdrawal of the nuclear bases from Kanagawa Prefecture.

Public Investment Plan Expects 50% Growth

OW1505211990 Tokyo ASAHI EVENING NEWS in English 14 May 90 p 1—FOR OFFICIAL USE ONLY

[Text] Spending under a 10-year public investment program, which the government has promised in the Structural Impediments Initiative (SII) talks with the United States, is expected to total about Y400 trillion, an increase of 50 percent over the figure for the past 10 years, a government source said on Sunday. To meet this spending target for the 1991-2000 program, annual spending will have to be increased by a level corresponding to the nominal rate of economic growth.

The United States demanded in the SII talks that Japan increase its public investment to about 10 percent of its gross national product (GNP) in the next three to five years. Instead of meeting the demand in terms of GNP, the government promised to draft a new 10-year public investment program and to set forth the program's total spending in a final SII report in July. The Economic Planning Agency [EPA], charged with drawing up the program, Monday started talks with 10 other related government departments, such as the Construction Ministry, the Agriculture, Forestry and Fisheries Ministry, and the Transport Ministry, on their proposals for the investment program. In consultation with the Finance Ministry, the EPA will fix the program's total spending by the middle of June.

Soviet Union

Joint Efforts Urged for Normalizing Soviet Ties

OW0605201190 Tokyo ASAHI EVENING NEWS in English 5 may 90 p 1—FOR OFFICIAL USE ONLY

[Text] Prime Minister Toshiki Kaifu, in remarks published in a Soviet weekly magazine which went on sale Friday, called for joint Russo-Japanese efforts to normalize their relations.

Instead of shelving the issue of the Soviet-held south Kuril islands because of its difficulty, Kaifu said in the Novoye Vremya, the two countries should work for the development of their overall relations while trying to resolve the territorial question through serious political dialogue.

Kaifu denied that Japan is making the territorial issue an "artificial impediment" to the development of Russo-Japanese relations. He emphasized that Japan wishes to promote bilateral cooperation in several areas in a way balanced with efforts to resolve the island dispute, with the hope that such cooperation will lead to the normalization of bilateral ties.

Touching on the Soviet stand on the territorial issue, he said Moscow has been trying to get Japan to accept the postwar status quo, rather than seriously exploring a solution.

The prime minister expressed his views on Russo-Japanese relations in answer to written questions submitted by the editor of the Novoye Vremya when he visited Japan early last month.

New Soviet Consul Hopes Kansai Ties Yield Thaw

OW0905234490 Tokyo THE JAPAN TIMES in English 8 May 90 p 4—FOR OFFICIAL USE ONLY

[By staff writer John M. Flanagan]

[Text] Toyonaka, Osaka Pref.—Good regional relations will improve Japanese-Soviet political dialogue, says the new Soviet consul general.

Valentin V. Alekseyev taking up his new post here in late March, told THE JAPAN TIMES the Soviet Union has targeted Kansai as a strategic area in its effort to improve bilateral ties

"We think that strengthening regional ties is one of the most important parts of relations between our two countries," Alekseyev says. "Good regional ties promote bigovernmental ties."

Alekseyev, 59, explains that individuals, in a process he calls "people diplomacy." can help thaw Japanese-Soviet relations—a role Tokyo has not taken wholeheartedly. The consul general thus seeks to broaden contacts in Kansai's political, economic and cultural spheres. Tokyo's restrictions of consular officials' movements, however, will hamper his efforts, Alekseyev says. The government currently requires officials of the consulate to request permission at least 24 hours in advance to visit areas outside Osaka, Kobe, Kyoto, and the city where the consulate general lies—suburban Toyonaka.

Soviet President Mikhail Gorbachev, Alekseyev says, is committed to easing strains in Japanese-Soviet relations. Under Gorbachev, a working group was set up with Japan to explore possibilities for signing a peace treaty that was never inked after World War II because of territorial disputes.

Ministerial-level exchanges and meetings with politicians have increased dramatically, Alekseyev says. "High-level political dialogue has been reopened by Gorbachev."

Broader economic cooperation will be emphasized under the new consul general because it also can improve political relations, he says.

Matsushita Electric Industrial and other large Kansai-based firms are already well entrenched in the Soviet Union, Alekseyev says. "Traditionally we have had good economic relations with Kansai." Alekseyev says he views the formation two years ago of the Kansai District Japan-USSR Trade Federation, an association of small and medium-sized companies here, as a step in the right direction.

Brakes have been placed on further business exchanges, however, by Tokyo's unofficial policy and subtle pressure on Japanese companies to link bilateral economic cooperation to the return of the northern territories, a Chain of Japanese-claimed islands off Hokkaido that have been occupied by the Soviet Union since the end of World War II, he says.

"Unfortunately, this tendency is yet alive," Alekseyev says.

No stranger to Japan Alekseyev has focused his career on this country since entering graduate school at the elite University of Moscow. After receiving his doctorate on Japanese economics, he became an associate professor on the subject. During the 1960's he made frequent trips to Japan, accompanying various political and trade delegations. The first diplomatic post for the former deputy director of Southeast Asoa and Pacific countries department of the Soviet Foreign Ministry took him to Osaka in 1978.

"I think I know Japan well enough," he says.

Quick to smile and share a laugh, the new Marlboro-smoking consul general says Japan's experience offers much the Soviet Union could learn.

Including Japanese Government measures to promote industrial development, he says: "Japanese (subsiness) management is worthy of further study and should be used (in the Soviet Union)."

Alekseyev says he considers the study of Japan's economy interesting enough to be ranked as one of his favorite pastimes, at a level comparable to his hobby—gardening. A man pround of his Muscovite blood, Alekseyev says Japanese interest in Russian culture and Soviet interest in Japan are contributing to one of the most extensive bilateral art, dance and musical exchange programs in the world.

"It is very difficult to name any major Western power that has as much exchange as Japan and the Soviet Union."

Kanemaru Remarks on Northern Islands Viewed

OW1205214690 Tokyo THE JAPAN TIMES in English 11 May 90, p 22—FOR OFFICIAL USE ONLY

["Opinion" column article by Kenzo Uchida: "No Slip of the Tongue"]

[Text] May is a colorful month in Japan. There is the Golden Week of holidays in the early part of the month. With these holidays now come and gone, business and politics are back in action.

Government and party leaders were out of the country during Golden Week. Prime Minister Toshiki Kaifu visited India, Bangladesh, Pakistan, Sri Lanka and Indonesia. Ichiro Ozawa, secretary general of the ruling Liberal-Democratic Party, went to Australia. Japan Socialist Party Chairwoman Takako Doi visited Germany and France, and Satsuki Eda, head of the United Social Democratic Party, went to South Korea, where he conferred with various party leaders. All these visits had a significance of their own as economic power Japan is being watched in a changing world.

Even more topical than the visits was the remark made by former LDP Vice President Shin Kanemaru suggesting the partial return of the four northern islands seized and occupied by the Soviet Union since the end of World War II. Both the government and the Foreign Ministry were embarrassed by the remark. Former Prime Minister Noboru Takeshita and Shintaro Abe, former LDP secretary general, tried to "explain" the true intent of the Kanemaru remark.

The to-do sparked by Kanemaru's statement subsided after he issued a clarification seemingly withdrawing it.

But, the commotion reflected the high stature Kanamru holds in the political world and the sensitive nature of the territorial issue in Japan-Soviet relations.

Kanemaru holds no official post in the government or the ruling party at present. Yet his utterrances always cause big repercussions. Why? Because he is chairman of the Takeshita faction, the largest grouping within the LDP. Together with Takeshita himself, Kanemaru controls the faction. Also, Kanemaru's ideas and remarks always seem to be one step ahead. For example, he suggested that the controversial consumption tax be frozen or "re-reviewed."

As for relations between the government and opposition parties, he called for a reorganization of the political world or an eventual "grand coalition" of the LDP and the JSP against Takeshita's idea of a "partial coalition." Fine if his ideas become reality. If not, they would be dismissed as wild talk or lapses of the tongue. They can be easily retracted. In today's generally lackluster political world, Kanemaru stands out. He is important.

Still his suggestion for the return of two islands was rather careless, though not entirel· nonsense. Successive Japanese governments consistently demanded that the Soviet Union return all four islands—Etorofu, Kunashiri, Habomai and Shikotan—simultaneously. But the idea of a phased return of the islands—Habomai and Shikotan first and Etorofu and Kunashiri later—existed since around the time of the negotiations that led to the restoration of Japan-Soviet diplomatic relations in 1956. The two countries have yet to conclude a formal peace treaty because the territorial issue remains unsettled.

The situation is changing today. The countries of Eastern Europe are pursuing democratic reforms and an end to Communist one-party rule. The Soviet Union itself is pressing ahead with perestroyka under President Mikhail Gorbachev and seeking friendlier relations with the United States. The Soviet Union desires Japan's economic and technological cooperation to rebuild its economy. This increases the possibility that Moscow will take a flexible stand on the territorial issue and the peace treaty question.

Contacts are becoming active between the two countries. Politburo member Aleksandr Yakoviev, who is close to Gorbachev, visited Japan last autumn. Former LDP secretary general Abe went to Moscow in January. With Gorbachev expected to visit Japan next year, relations between the two countries are likely to move significantly.

Kanemaru grasped the opportunity by coming out with his remark regarding the territorial issue. The timing was exquisite. Yet the remark was, like many of his utterances in the past, too general and lacked clear logic. Hence the criticism that it was the rash and irresponsible remark of an old man who does not know diplomacy. Others said that making a remark that seemed to imply a concession from the Japanese side—when Japan's position has become stronger and favorable—was not in Japan's interest.

Certainly, the Kanemaru remark was inadvertent, and questionable diplomatically. Yet it was intended to give a push to moves for breaking the impasse in Japan-Soviet relations that are likely to come soon. Hopefully, the government will tackle the task with firm resolve and an active national debate will unfold.

* Automakers Seek Inroads in Soviet Market

902A0137A Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 April 90 p 11—FOR OFFICIAL USE ONLY

[Article by former Nikkei Moscow correspondent, Ikeda: "Enormous Potential Demand; Hurdles for Pioneers; In Moscow, Japanese Auto Trade Fair"]

[Text] The first Japanese automobile trade fair opened in Moscow (open from the 17th to the 23d). Japan's trading companies and automobile makers have begun to cast an enthusiastic eye on the Soviet Union, the last undeveloped giant market. Commercial discussions on exporting to the Soviet Union have grown vigorous with the liberalization of trade deals due to perestroyka, but an automobile remains a prize beyond reach for Soviet citizens in general. Considering the foreign currency situation and the economic reality, total motorization is still far away.

Low Rate of Diffusion Due to Lack of Goods

A late spring has finally come even to Moscow. As if waiting for this season, the streets overflow with cars. Sadovoye Kol'tso (the ring road) and the main roads are sometimes as congested as Tokyo. At first glance, one could think that motorization was perhaps in full bloom.

However, most are "country cousins" with out-of-town license plates. Once spring permits driving with regular tires, the cars visiting Moscow with the aim of selling goods and sightseeing are overwhelming. It is simply congested.

The Soviet Union's production of passenger cars for its population of approximately 280 million people has been nearly flat these past few years, at an annual production of 1.3 million units. Three-hundred thousand among these are slated for export to Eastern Europe, so domestic supply volume does not reach 1 million units a year. With a distribution rate as well at one car per 22-25 people—viewed from the vantage point of the situation of one car for every two or three people in the advanced nations of Japan, the United States, and Europe—it is an extremely low level. Due to the lack of goods, for the average citizen to buy a new car is an undertaking of the utmost difficulty.

For example, the average price of the Moscovichy—a popular Soviet passenger car equivalent to Japan's Corrolla or Sunny—is 9,000 rubles (approximately 2.7 million yen). The monthly salary of a Soviet worker is 250 rubles (about 57,500 yen); so, even if he saves all his salary, it will take him three full years to meet the price.

Moreover, each association has a quota system. There is little possibility of simply buying a car even if one has the money. If one tries to buy on the black market, a Moscovichy jumps to 34,000 rubles (7.82 million yen). For citizens in general, it is all they can do to get their hands on a used car.

Citizens Outside the Object of Commercial Talks

Even at a press conference preceding the opening of the present Japanese car trade fair, Soviet reporters were asking, "Beautiful cars are lined up, but there is little possibility that we will get our hands on them. Where in the world are Japan's used cars? If you have them, can we buy them?"

Moreover, the ruble is not convertible at present with Western currencies. There was an unfunny story that a certain large Japanese automobile maker ran a sales announcement in a Soviet Government newspaper without first saying that "sales are hard currency (exchangeable currency) only." Citizens asking, "Where can we go to get one?" overwhelmed the local office; no work was done at all. For the current Japanese car trade fair, the only counterparts in commercial talks are some government organizations and regional public corporations possessing hard currency.

Long-Term View Necessary

Even so, the evening newspaper IZVESTIYA from 6-12 March even ran a special feature on Japanese cars. Interest regarding Japanese cars is growing. The Soviet Government also is eager regarding the trade fair, with Ministry of Automotive and Agricultural Machine Building Vice Minister (Lebichev) saying that "if the opportunity comes to expand cooperative relations with Japan, including technology transfer...."

Seen from the viewpoint of Japanese, U.S., and European automobile makers, a market of 280 million people has high potential for growth and appears potentially attractive. This year's export of Japanese cars to the Soviet Union is expected to break 5,000 units, but it is rash to hope for further rapid increases beyond that. Certainly, in the words of ther Japan Association for Trade with the Soviet Union and Socialist Countries of Europe Director Makoto Kikegawa, "It is necessary to have a long-term view for Soviet trade."

Other Countries

Changes in Relations With ROK Analyzed

OW0605025790 Tokyo THE DAILY YOMIURI in English 3 May 90 p 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 2 May editorial: "Settlement in Seoul"]

[Text] The agreement at the Japan-South Korea foreign ministerial meeting in Seoul on the legal status of third-generation South Koreans residing in Japan will promote further the generally good relations between the two nations. The settlement of this issue also clears the way for the visit of South Korea's President No Tae-u to Japan starting May 24. We hope his visit will strengthen cooperative relations between Japan and South Korea so they can contribute more to Asia and the rest of the world now and in the 21st century.

The right of residency for South Koreans was established in a 1965 Japan-South Korea accord. The accord recognized South Koreans who settled in Japan before the end of World War II and their children as first-generation residents and their children as second-generation residents. These were eligible for permanent residency.

However, of the 677,000 South and North Koreans living in Japan, only 330,000 had the right to permanent residency. The status of third-generation Koreans remained unsettled.

Unhappy Past

Noting that Korean residents have become part of Japanese society, South Korea demanded that they be treated almost equally with Japanese nationals. Seoul particularly wanted the requirement of fingerprinting to be abolished. Although understanding the historic background, Japan preferred to treat them as foreigners as much as possible. Therefore, the negotiations encountered rough going.

Under the agreement, fingerprinting is to end for third-generation and later generations of South Korean residents in Japan. Japan also agreed to grant the right of permanent residency to third-generation and later generations of South Koreans with greatly simplified procedures. Also, the accord prohibits deportations except for Koreans found guilty of subversive crimes and extends their permissible residency abroad from two to five years.

The agreement most certainly was a result of a "political decision" by the two governments.

Japan and Korea share an "unhappy past." Koreans who were born and grew up in Japan live and work like Japanese and have the same obligations to society. It is only natural that they be granted a legal status similar to the one enjoyed by Japanese.

Problems Remain

However, problems remain, including an alternative system for fingerprinting. The government is considering the introduction of a special family register system. Regardless, these problems should be resolved at an early date.

We seek the understanding of South Koreans that there are certain limits to granting rights pertinent to national-level decision-making to non-Japanese residents. However, bilateral relations should not be disturbed by frequent disputes, and, therefore, further dialogue is needed to establish mutual understanding.

Contributing to the problems of Koreans living in Japan is the fact that the two Koreans remain divided and in a state of confrontation. Japan has full diplomatic relations with South Korea and not with North Korea. It would be extremely beneficial if relations between the two Koreas and between Japan and North Korean improved in the days to come. These three nations should make stronger efforts to bring about a new era of stable and amicable relations among themselves.

Editorial on Relations With Southwest Asia

OW0605140990 Tokyo ASAHI EVENING NEWS in English 5 May 90 p 6—FOR OFFICIAL USE ONLY

[ASAHI SHIMBUN 4 May editorial: "Japan and Southwest Asia"]

[Text] Prime Minister Toshiki Kaifu has visited three countries of Southwest Asia, India, Pakistan and Bangladesh, which, even in these days of well-developed transportation, often give an impression of remoteness to the Japanese. Japan's annual report on diplomacy gave only four lines to describe the relations between Japan and Southwest Asia: "Japan has traditionally been maintaining friendly relations with Southwest Asia, but mutual exchanges have not necessarily been active."

No Japanese prime minister had visited the area since Yasuhiro Nakasone did six years ago. Before him, the previous visits date back to Nobusuke Kishi and Hayato Ikeda.

Japan's Foreign Ministry defined Kaifu's visit as a move to widen the reach of the country's diplomacy. It is significant that the country's leader himself visited this geopolitically important area, which accounts for one-fifth of the world's population.

In a speech made at the Indian national assembly, Kaifu said, "Amid world upheaval, Japan will continue to strongly support, through dialogue and harmony, the political stabilization and economic development of Asia, including Southwest Asian nations."

Faced with such problems as population explosions and ethnic confrontations, Southwest Asian countries are making desperate efforts to build stable nations and, therefore, have great expectations of Japan. They seem to be worried that if world attention focuses on Eastern Europe alone, the result will be thinner support for Asia.

It is no wonder that Kaifu pledged increased development assistance to Southwest Asian nations. Yet Japan should not be satisfied with merely giving away money, so that it may assist not only these countries but the rest of the world as well. Development assistance should not cause environmental disruptions nor benefit a privileged few, and should bring satisfaction to all the people of the nations that receive it.

In a meeting with Indian Prime Minister Vishwanath Pratap Singh, Kaifu proposed a forum of discussions among developed and developing countries on the issues between them. We would like to keep an eye on how the concept takes concrete shape.

In the speech in India, Kaifu also said, "We should extend the moves to seek a new international order through dialogue and harmony, beyond Europe, to Southwest Asia."

With the antagonism between India and Pakistan over the jurisdiction of the Kashmir district as a typical example, regional hostilities related to race and religion exist in various parts of Southwest Asia. As ideological tensions between the West and the East wane, such regional hostilities are expected to be the threats to international peace and security from now on.

As Japan advocates the strengthening of cooperation for peace as one of the three pillars of its international cooperation program, Kaifu should not content himself with having delivered a speech but should study what the country can actually do to realize its policy.

In this connection, there are reports of dangerous signs in the area that countries are building nuclear weapons and racing to develop intermediate-range ballistic missiles. As Kaifu mentioned during meetings with his counterparts, Japan must strenuously work on such countries lest the situations deteriorate further.

Prospects for Sea of Japan Rim Trade Viewed

OW1405015690 Tokyo THE JAPAN ECONOMIC JOURNAL in English 12 May 90 pp 1, 3—FOR OFFICIAL USE ONLY

[By staff writer Akihiko Tamiya]

[Text] Niigata City—Used car dealers in this historic port are fast becoming used to a new language—Russian. Riding old bicycles and brandishing homemade maps,

scores of Soviet sailors and traders these days can be seen visiting car dealerships to buy aging Toyotas and other vehicles.

Last year alone, 971 used cars were shipped from Niigata to the Soviet Far East, according to the Niigata Custom House.

Says a Soviet sailor: "Nowadays, the streets of Vladivostok and other cities in the Soviet Far East are jammed with used cars from Japan."

The burgeoning Niigata-Soviet Union trade in old cars and other discount products is just part of a trend that is fast changing the relationship between cities and regions in four nations that border the Sea of Japan.

More than at any time in the past 40 years, these Japan Sea nations—Japan, the Soviet Union, China, and South Korea—are awakening to the economic and cultural potential of the area. In turn, the embryonic complementary ties developing within the region are spurring talk of a "Japan Sea Rim," a sort of mini-Pacific Rim concept.

"The Sea of Japan is going to change from a sea of military conflict to one of international exchange and prosperity," says Takeo Takahashi, former director of the Economic Research Institute at the government's Economic Planning Agency.

Adds Hisao Kanamori, chairman of the Japan Center for Economic Research, a Nikkei affiliate: "If the natural resources of the Soviet Far East, Japanese money and technology, chinese and North Korean labor, and South Korea's low-priced capital and consumer goods are combined, this will bring considerable development to the Japan Sea Rim."

In the past year, Soviet perestroyka policies, particularly decentralization, have been reflected in major increase in trade between Sea of Japan cities. For example, exports from Niigata Prefecture to the Soviet Union in 1989 were Y34.07 billion, or 51.2 percent higher than a year earlier, while imports rose 25.1 percent to Y12.65 billion, according to the Niigata Custom House.

Meanwhile at the Fushiki-Toyama Port in Toyama Prefecture, exports to the Soviet Union in 1989 rose 9.6 percent over 1988 to Y33.95 billion, while imports rose 19.5 percent to Y29.57 billion. Most exports from the region are finished goods, such as machinery and plastics; most imports are raw materials, such as timber and coal.

In both prefectures, trade growth was much faster than that of overall Japan-Soviet trade, which rose 10.5 percent in 1989 to Y836.25 billion.

Equally impressive have been increases in passenger traffic between the two areas. In 1989, 18,831 passengers flew on the Soviet carrier Aeroflot's regular 140-minute flights between Niigata and the Soviet city of Khabarovsk, up 60.4 percent over 1988. A majority are Japanese and South Korean businessmen eager to build ties with the Soviet Far East and neighboring regions in China.

In the past 15 months, five major trading firms—Mitsui and Co., Nissho Iwai Corp., C. Itoh and Co., Sumitomo Corp. and Marubeni Corp.—have opened offices in Khabarovsk.

Long-term Proposition

To be sure, development of a Japan Sea Rim is a long-term proposition, laced with risk and likely uneven progress. Problems range from the Soviet Far East's primitive infrastructure to the nation's lack of convertible currency, limited knowhow and the region's uncertain political future.

The Soviet occupation of Japan's northern territories is also a barrier to completely open exchange.

"The Soviet Union is not yet prepared for full-scale cooperation but time will solve that problem," says V.P. Kruchinin, senior economist at the USSR's trade office in Tokyo. "At present, large Japanese companies appear to be taking a wait-and-see stance."

Kruchinin noted that the Soviet union is considering setting up a special economic zone in Nakhodka and that laws to protect foreign investment will also soon be drawn up. Given these signs of progress, competition is heating up among prefectures overlooking the Sea of Japan to develop trade and investment opportunities.

For example, Aomori and Niigata prefectural leaders are bidding for regular flights to Vladivostok. And Toyama Prefecture is competing with Niigata to open pasenger liner routes to Vladivostok.

"We are also considering setting up a think tank to study the potential of the Japan Sea Rim," says Kiyoshi Kaneko, governor of Niigata Prefecture, who will visit the Soviet Far East with Niigata business leaders in August.

In October, Niigata is set to open an office in Seoul to help its firms strengthen ties with South Korea. That move follows the opening earlier this year in Niigata of a branch office by Hyundai Japan Co., a subsidiary of South Korea's Hyundai Corp. the office is a way to support the group's projects in the Soviet Far East, according to branch manager Pak Sang-mo.

"There is no direct air service between South Korea and the Soviet Far East. But Niigata is linked with both regions through regular air and sea services," he said.

In 1989, South Korea-USSR trade volume nearly trebled from a year earlier, to $599 million. And analysts expect the value will top $1 billion this year now that Seoul and Moscow have set up trade representative offices in each other's capitals. In particular, South Korea wants to import raw materials using Niigata as a transshipment port for some of the goods. Last December, Hyundai

inked an agreement with the Maritime Province of the Soviet Far East to buy 1 million hectares of wood. The company also plans to buy 300,000-500,000 tons a year of coal from mines near Nakhodka.

This summer, regular flights between Seoul and Khabarovsk are set to start, according to Pavel Voloshchuk, an Aeroflot representative in Niigata.

Adding to enthusiasm about regional potential, Soviet-Chinese border traffic between the northeastern region of China and the Soviet Far East has been expanding rapidly, although accurate data are unavailable.

China has also been helping the Soviet Far East and Siberia overcome their labor shortages. Last year, some 20,000 Chinese went to the Soviet Union as contracted laborers. Taken together, executives hope all these moves will stimulate the Sea of Japan Rim concept among the four nations.

Says D. Takahashi, president of Niigata Rinko Kairiku Unso Co., the largest shipping firm in Niigata: "There had been an invisible Berlin Wall on the Sea of Japan since 1945. We are urging the authorities to improve Niigata's port facilities in preparation for the era of the Japan Sea Rim."

Editorial Urges Accepting Global Responsibility

OW0705011290 Tokyo THE DAILY YOMIURI in English 4 May 90 P 6—FOR OFFICIAL USE ONLY

[YOMIURI SHIMBUN 3 May editorial: "Japan's Constitution"]

[Text] The Japanese people in the preamble of their Constitution decided to entrust their security and existence to the justice and good faith of the peace-loving peoples of the world. This presupposed an international society where security could be provided by a fully functioning United Nations. However, history has mocked the high-mindedness and optimism of our Constitution. Despite the thawing cold war, even now we cannot stake our nation's survival on the goodwill of international society.

The premable also states the desire of Japan to occupy an honored place in international society and strive for the preservation of peace and the banishment of tyranny, slavery, opporession and intolerance in the world.

The current condition of Japan, which has become an economic giant, is more advantageous to realize these ideals than at any time since the basic law of the land was drafted.

Aid to the world

The government is promoting international cooperation initiatives to contribute further to the world community. The major aims of these initiatives are to extend support for peacekeeping efforts in areas of regional conflict and for socioeconomic development of the poorer nations as well as to expand cultural exchanges with other countries.

However, these efforts need improvement. Although Japan's Official Development Assistance keeps rising in terms of quantity, this program is often criticized for lack of clear principles and purposes. This has led to complaints even by the people being helped.

Much more also must be done in support for peacekeeping efforts in providing manpower as well as funds. But perhaps the greatest contribution Japan can make to the world community at the moment is to promote domestic reforms in line with the changing situation and international requirements.

Small Nation Attitudes

If economic relations between Japan and the United States, which together account for 40 percent of the world's gross national product, worsen to the detriment of the Japan-U.S. Security Treaty, it will create confusion in the international community. In fact, such concerns are being voiced in Europe. To avoid this serious misfortune, Japan must take the initiative in opening its markets and reforming domestic systems and practices, so they are acceptable to the outside world.

It should be remembered that the preamble of the Constitution also states: "We believe that no nation is responsible to itself alone."

Whether we like it or not, Japan as a powerful economic nation has great influence in the global community. It is time, therefore, that the Japanese accept their global responsibility. If we continue to stick with our small nation mentality and avoid facing up to the pains that accompany reform, we can never gain international trust.

Editorial Views Global Financial Role

OW1205231390 Tokyo MAINICHI DAILY NEWS in English 11 may 90 p 2—FOR OFFICIAL USE ONLY

[Editorial: "Vision For a Monetary Giant"]

[Text] Japan is gradually playing an ever larger role in international monetary affairs. This is because our contribution in this area has been properly evaluated, slotting us in second place behind the United States but ahead of West Germany, in the IMF. But does Japan really have the vision and ideals commensurate with a monetary giant? Now is the time to reflect.

By nature the world of money is borderless and global, in which Japan has pre-eminent power. The world will be watching with hope and concern how Japan will use that power.

Japan's financial prowess gained world recognition in the 1980s, particularly after 1985 when the Plaza

meeting of the Group of Five finance ministers and central bank governors agreed on the subject of the appreciation of the yen. The five—Japan, the U.S., West Germany, France and the United Kingdom—were to become the Group of Seven with the addition of Italy and Canada, which has done its share in improving imbalances and stabilizing foreign exchange among major industrialized countries.

But the G-7 is at a turning point. The Plaza meeting succeeded through international coordination to correct an overvalued dollar, which helped correct imbalances, prevent protectionism by the U.S. Congress and case debt crises among developing countries.

The Louvre meeting of the G-7 in February 1987 in turn agreed on bolstering the value of the dollar through market intervention, from the viewpoint that any further decline would be counterproductive to global structural adjustment.

Ironically, the Louvre agreement kindled inflation as market intervention by the authorities brought about a money glut, caused a rift in coordination, and led to Black Monday. The Louvre agreement has been amended with member countries adopting more flexibility in intervention, and West Germany, the U.S. and U.K. directing their monetary policy with more emphasis toward inflation and other domestic issues. After these processes the G-7 seems in effect to have ended its role in foreign exchange adjustment since the Plaza agreement.

The G-7 did say in its communique last Sunday that the current levels of the yen may have an undesirable impact on the global adjustment processes, underlining their previous statement of April 7. But this only expresses the recognition that a cheap yen is not desirable, stopping short of market intervention by member countries to keep the yen from further decline. Many experts now think that the group should address long-term fiscal and other structural issues, while individual member countries should focus their monetary policy on domestic problems including inflation control.

The group will certainly maintain its crisis management role, and will likely take up the environment and drugs. Japan needs to take the initiative in the group, for which it must have the vision to contribute to the world in monetary affairs.

More requests will be made of Japan, but easy promises may very well cause confusion. For example, while Japan, at Washington's request in the structural talks, has promised to increase its public works spending to balance investment with relatively excessive savings, the surpluses of Japan and West Germany are now regarded as precious sources of funds for which world demand is rising. For example, the IMF, in its world economic outlook for May, points out that it is not desirable for Japan to reduce radically its external surplus in view of the growing demand for funds from the rest of the world including Eastern Europe. This of course reflects the concern that if Japan spends its savings for domestic purposes, less money will be diverted to needy areas such as the Third World. Japan must answer these questions squarely with convincing ideals and logic.

Column Analyzes Foreign Aid Policy, Promises

OW1205233990 Tokyo THE DAILY YOMIURI in English 11 May 90 p 3—FOR OFFICIAL USE ONLY

["Behind the Scenes" column by Minoru Hirano: "Money Won't Buy Friends"]

[Text] Prime Minister Toshiki Kaifu and six members of his Cabinet spent Golden Week scattering money overseas.

Kaifu promised India a yen loan of Y100 billion, another yen loan of Y30 billion to Bangladesh and financial cooperation of $1.7 billion to Indonesia. International Trade and Industry Minister Kabun Muto disclosed in Washington plans to recycle Y300 million of Japan's trade surplus to Mexico and extend a credit of $300 million to Colombia.

Time magazine recently commented on Japan's largesse by saying: "Despite much diplomatic stage planning and generous contributions of cash, Japan finds itself adrift in a curiously isolated political position—and shows no signs of altering course. It has good relations with nearly every country, but has few close friends, despite its wealth and its newfound mission as a major provider of aid, it is not a dominant political player."

True, everyone's friends is no one's friend.

At a meeting of the G-7 group held in Paris in early April, Finance Minister Ryutaro Hashimoto, who requested cooperation to shore up the sagging yen, found himself helpless without support. Japan took part in the conference of countries to help Eastern Europe and decided to make a massive contribution to a European bank for reconstruction and development, but was not consulted by the European Community beforehand. It looked as if West European countries wanted Japan to pay but have no say.

Japan is equally unpopular even among its Asian neighbors. China has called Japan "a vassal of the United States." South Korea demanded that during the coming visit by President No Tae-u [to] Japan, the Emperor apologize for Japan's colonization of the Korean Peninsula. ASEAN members have again and again expressed fears that Japan might revert to militarism. They show that money cannot buy friendship.

Japan is making big profits in trade with all countries but is perceived as a miser. Japan's Shylock image is starkly impressed in the minds of foreigners. Although Japan has become the biggest donor of aid in the world, this sinister image seems indelible.

The reason why this country doesn't have much political influence is also clear. Some critics blame the Japan-U.S. security treaty. They say that Japan, with this treaty, traded away the spirit of independence for economic

prosperity. Everyone agrees that the Japan-U.S. security treaty is the most one-sided alliance among treaties which the United States has concluded with 48 countries. The treaty obliges the United States to defend Japan if this country should be attacked, but Japan has no duty to defend the United States in an emergency.

Cynics comment that the security treaty has made Japan the 51st American state. They say that Japan's Self-Defense Forces are like the U.S. National Guard. When the National Guard is incapable of fighting off an aggressor, Federal Forces will be sent from the U.S. mainland to provide succor.

As long as Japan is a country protected militarily by the United States under the security treaty, it is inevitable that Japan will remain a country politically subservient to the United States. Critics deplore that Japan has lost the habit of thinking with its own head. Whenever Japan attempted to think with its own head, it was warned by the United States to beware of its limits, they say.

Now the whole world has plunged into an age of great turmoil. This is a good opportunity for Japan to reconsider both domestic policies and its international stance. Drastic reform, however, will require tremendous energy like that being consumed by the Soviet Union, East European countries and the EC for their internal reforms. Japan has no such energy, as shown by the February election.

One scholar argues that reform of Japan foreign policy presupposes that power to conduct international affairs be concentrated in such men as the prime minister and foreign minister. Such leaders must have both insight and foresight about international events and must be assisted by bureaucrats excelling in the collection of information on international politics.

Unfortunately, Japan does not meet any of these requirements. Of serious concern is that Japan will not be able to shed the stigma of being a friendless country while continuing to practice a foreign policy of scattering and wasting money.

Political Affairs

* AERA Editorial Staff Profiles Ichiro Ozawa

902A0113A Tokyo AERA in Japanese
No 6, Mar 90 pp 22-25—FOR OFFICIAL USE ONLY

[Article by Seiki Nemoto of the AERA editorial staff]

[Text] It was 23 January 1985 when a blood pledge was made by Ichiro Ozawa, Shin Kanemaru, etc., at the launching party of Soseikai led by ex-Prime Minister Noboru Takeshita.

One year later, then Home Affairs Minister Ozawa said, "The Tanaka faction is the ideal faction." He said that the reason is that members of the faction have a sense of blood relationship. People who used to be in the Tanaka faction seem to like the word "blood."

In the faction, an another key word used often in crucial situations is "father."

After former Prime Minister Zenko Suzuki left the post, Kakuei Tanaka endorsed Yasuhiro Nakasone as a successor. As he was the kind of person who was nicknamed "worn-out figure head" behind his back, the faction was jolted at the proposal. What Kanemaru said at the time is recorded in his book *Standing Throw and Lying-Down Throw.*

"This society is not what you think it is. If the boss says right, it is right. If he says left, it is left."

"Blood" and "Father": The Tanaka faction boasted of the strong bond based on quasi-blood-relations. The top person of any faction is called "father," but it does not mean the same thing as in case of the Tanaka faction. The closest approximation would be "Yakuza" [a criminal society]. As Kanemaru has said the Tanaka faction is not an ordinary society.

Trained in the Tanaka faction, Ozawa has risen to be an indomitable role player. Some peer dietmen say that he has developed an atmosphere of a god father with nerves of steel.

At the end of last year, he was the target of a scandalous report. It was reported in the WEEKLY BUNSHUN that he was involved in a family fight over money and that he was also involved in an extra-marital affair. When he was notified, in advance, of this report he was not at all agitated. He said "I will not make any comment, no matter what is reported." Takeshita was alarmed about this, but was reported to have given up doing anything, saying, "He is the type of person who does not get shaken up by anything." In this way, the myth of Ozawa's audaciousness is being magnified.

It is a rule that in the society of Yakuza, you must sacrifice yourself for your father and your organization. There is an anecdote that Ozawa was the only member of the faction who attended all the proceedings of the first Lockheed trial of former Prime Minister Tanaka. He says, "It is only natural for me to attend when my father is in trouble." He sat with the defendant's family.

At the end of the year when Tanaka was sentenced to a four-year prison term, Ozawa was reelected in the general election, but with the least votes among those elected in his electoral district. This was a result of his absence from his district and campaigning because he had to work for the benefit of the party as director of the Executive Council.

Father Tanaka could not help but notice his untiring efforts. When he was healthy, he extolled Ozawa. "He is honest, responsible and does not mind working hard. He is thoughtful and he is not a smart-aleck. He is not intrusive and works hard behind the scenes."

Tanaka disliked a person who appeared to be too sharp, like a razor blade, prefering instead the type of person who was more like a hatchet, heavier and reflecting light dimly. In the eyes of Tanaka, Ozawa was a hatchet.

Noboru Takeshita, who can be compared to an elder brother, held Ozawa in high esteem. Last summer, when former Prime Minster Uno left the post, there were two candidates to become successor to Ryutaro Hashimoto as LDP secretary general. They were Ozawa, and Tsutomu Haneda, former minister of agriculture, forestry and fisheries. According to Takeshita, Haneda is good-natured and popular among young people. But he is too affable to everybody. In crucial situations, we cannot trust him to do the important jobs. On the other hand, Ozawa has a somewhat problematical character, but we can trust him to do something. He has his own way against all reason.

All that was expected of the new secretary general by Takeshita and Kanemaru was to win the general election. The reverse wind which brought about the miserable defeat in the election for the House of Councillors has not died down. The war cannot be won by half-way strategy. The LDP [Liberal Democratic Party] had to put in charge a person who was determined to fight all the way. The conclusion was that the only person who could do this was Ozawa although he was still young.

Can we last through November? The LDP's coffers were so empty last fall that this kind of question was asked. This was a result of using up monies in the last election for the House of Councillors. It was not until December that a person close to the top leadership of the party sighed with relief saying, "We have secured about 25 billion yen. One-third is cash, and the rest is a guarantee on debt."

The LDP collected about 10 billion yen in political contributions through the channel of the Japan Economic Federation. In addition, it accepted 5 billion, 5 billion, 3 billion, and 3 billion yen in installments, respectively, from the automotive, electric, bank and construction industries. It borrowed 15 billion yen from the nine metropolitan banks by using these political contributions as a collateral. In other words, the four industries paid the debts incurred by LDP.

During this time, Ozawa often mentioned that if the LDP could not obtain a majority, it would abandon political power. Of course, this was just a threat, but it was meant as a body-blow to the business circle which had made political contributions. The contributions were a kind of premium to insure a free economy.

He did not hesitate to change the rules. The understanding that requests for contributions be made only through the Keidanren was violated in the name of an emergency. He negotiated directly with each industry for contributions. In the LDP, the word "biased distribution" was often used. Some took that to mean a concentrated distribution of money to the candidates who might be in danger of being defeated. Some were wondering if more monies would be distributed to members of the Takeshita faction.

Owing to the Recruit affair, it was difficult for a faction to raise money. It caused a situation where monetary resources rested in the party but not in factions. How the money was distributed was decided by Ozawa alone.

The last election was a rare one in that money talked so much. It is said that the election can be compared with the House of Councillors election in 1974 when Tanaka presided over the campaign. The election was named the "Money-Power Election."

Since Tanaka and Ozawa are father and son, it is natural that there is a similarity. When criticized about the way business circles were involved in the election, Ozawa said, "There was no coercion. Business should not hesitate to endorse the LDP." He was mad at the criticism that he collected money in a high-handed manner. He denies the fact that he has collected tens of billions of yen and forced businesses to make contributions. As the father and elder brother foresaw, he used a big hatchet, went his own way, and brought a big victory to the LDP.

When newly elected dietmen, 10 or 20 years older than Ozawa, came to the party headquarters to thank him for the support, Ozawa was laughing heartily. It appears that he is a big wheel in the party.

Kanemaru once remarked, "Haneda for peaceful times, Ozawa for violent times, Kajiyama for chaotic times." Haneda is regarded as a man of intelligence, and former Home Affairs Minister Seiroku Kajiyma as a man of fighting spirit.

All these men were elected for the first time in 1969. Tanaka, secretary general at the time, discovered them and trained them. But, their characters are different. Ozawa is not the type of person who depends on his intuition and feeling. He is sometimes called a rationalist or an aloof person.

He showed his political expertise when he first chose the faction and his "father."

His real father, Saeki Ozawa, was born in Mizusama City in Iwate Prefecture. He was elected to the Diet for the first time in 1946. He was a powerful politician having assumed the posts of minister of transportation, minster of posts, and minister of construction. When he died in 1968, his son Ozawa became his successor. He was 27 years old and a post-graduate student at the Nippon University. As his father was close to former Foreign Minister Aiichiro Fujiyama, the Fujiyama faction enthusiastically invited him to join. According to Hisashi Kikuchi, a political critic, Ozawa flatly declined the invitation as he thought the faction was declining. He chose Tanaka instead, who was secretary general and in a position to seek to be the next president [of the party].

In January 1970, Ozawa reported to the special session of the Diet and went to the Construction Ministry. His

purpose was to request that the town road in his home area be upgraded to the prefectural road. Naturally, there were officials who knew his father, a former construction minister. Two days later, the request was met.

He started to gain the reputation of being experienced and with a wider perspective.

Ozawa, who has both an aggressive character and strategic ability, has worked to expel his "father." Those qualities have showed up in his activities since 1985—endorsing Takeshita and demanding the rejuvenation of the power structure.

Tanaka adopted a policy of expansion in order to maintain his power. He was not satisfied with just increasing the number of new dietmen under his wing. He tried to lure more older politicians. In order to do so, he needed bait such as posts of various ministries. Because of this opportunities were lost for those who had been in the faction for a long time. Ozawa and Kajiyama spearheaded the drive to push Takeshita to do something. They said, "If things remain the same, the whole family must commit suicide. We have an excellent first son in the family. He should be allowed to take over family affairs."

Today's dominant theory is that the driving forces for establishing Soseikai were initiated by Ozawa and Kajiyama rather than Takeshita, a man of caution. On the surface, the principle of "blood relations" was mentioned, but there must have been a deliberate calculation. In other words, Takeshita was only a convenient tool. They wanted to use whoever would support young people and put them in the limelight.

Ozawa was successful in bringing about the Takeshita regime and in securing the position of secretary general, the number two position of the party. Recently he has been reputed to have become arrogant. This is not only in his political maneuvers but also in his daily behavior. He does not listen to other people. He turns his back when somebody he does not like approaches. His attitude towards hotel employees is haughty.

He was born and raised as a second generation dietman. He is much different from his father who came from a poor family, became a lawyer, and then became a politician. He is also different from Tanaka who only graduated from grade school and rose to prime minister. Takeshita, though he was born into a wealthy family, suffered from being delegated to lowly positions when he was disliked by Tanaka. During that time, he learned the art of caring about other people and the type of living represented by "oshin [doctor's visit]." Ozawa's career looks like he has been always on the right course with smooth sailing compared with the difficult careers of those people.

The first conversation between Tanaka and Ozawa went like this:

"When were you born?"

"I was born in 1942."

"It is the same year when my late son was born." Tanaka thought that he was a substitute for his first son who had died young. Every day he had Ozawa come to his house in Mejiro and trained him in politics from A to Z. Some jealous people called him a "page." He introduced Ozawa to a daughter of the president of Fukudagumi, a major construction company in Niigata and an arch supporter of Tanaka. When they were married, he acted as a father instead of a matchmaker. He once stated that Ozawa would become a prime minister. Something other than Ozawa's ability and efforts have made him successful. It may have caused people around him to call him arrogant. It is true that he has more enemies than ordinary politicians.

Ozawa has made connections in the construction industry according to the tradition of the Tanaka faction. The first involvement was when he became parliamentary vice minister for construction. He also assumed the posts of vice chairman, Diet Policy Committee, and steering committee chairman of the House of Representatives. This allowed him to have connections among nonincumbent parties, to learn maneuvering techniques behind the scene, and to learn delicate aspects of operating in the House of Representatives.

When he was director of the Executive Council, he was in charge of adjustments of party approvals for candidates for general election, and ranking of candidates for the House of Councillors in the national election district. In addition, he was secretary, and secretary general of the Tanaka faction and learned the management of factions. And now, as secretary general of the party, he has full power to control party finances and in the last general election he was the supreme power.

A political critic, Shigezo Hayasaka, who was a secretary for Tanaka and has observed Ozawa since he was first elected, says, "He can be compared to a generalist who is versed in general affairs, personnel, finance, and sales in a company." What he has not experienced are planning and advertising. In politics both are needed to obtain the support of the people. He lacks the role of actor on stage because he has been working backstage. It is rare that anybody becomes secretary general after having served in only one ministry.

Compared with other members of the Takeshita faction in the same generation, he is not as good a speaker nor as versed in policy as Haneda. He does not have the popularity nor charisma of Ryutaro Hashimoto who has a lot of female fans. He is nicknamed affectionately "Ryutaro-sama."

Because Ozawa was born in the country, he describes himself as shy. he is noted for disliking speechmaking. In the last election, Hashimoto demonstrated overwhelming popularity any place he went, and Haneda was also very popular. However, Ozawa remained at the headquarters most of the time and worked hard.

Two years ago, in the election for mayor of Mito City, an incumbent candidate considered to belong to the Ozawa

group fought very hard with a rival. A few days before the election, there was a rumor that the secretary to Ozawa was coming to town. The rival prepared to take pictures of the secretary and formed a watchdog group of about 40 people. They tailed the people involved in the construction industry who had contacted the secretary. The plan was to photograph the scene when "envelopes" were given to voters by the secretary.

Ozawa was very enthusiastic in conducting the general election. "I will show you how the election should be fought."

Motowo Shiina, a rival in the same election district and a person who is versed in international affairs, lost in the last election. People who belong to the Shiina group say that the episode in the Mito election epitomizes the Ozawa election method. Thus, Ozawa's political behavior is always regarded as old-fashioned. Haneda remarks about Ozawa as follows: "He is bold enough when the time comes for decision. I disagree with people saying he is high-handed."

However, among his rivals including Hashimoto and Haneda, there are cool reactions. "We cannot compete with him now. But his method is that of 1960's. We wonder it will be effective when the world becomes more violent, and there is a need for politicians to have higher perspectives and attractiveness."

Ozawa is now being scrutinized.

* LDP-JSP Era of Cooperation Questioned

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[Roundtable discussion moderated by Takao Iwami, SANDEI MAINICHI editor; participants: Kenzo Uchida, professor at Hosei University; Michitoshi Takabatake, professor at Rikkyo University; and Hideo Otake, professor at Tohoku University: "The Nineties: the Beginning of an LDP-JSP Cooperative Setup?"]

[Text] **Those who expected radical change found the 1990 general election results less than exciting while those who expected stabilization found the results gratifying. Could it be that, at a time when both external and internal pressures are being applied to achieve restructuring in Japan, Japanese politics is returning to a 1980's establishment?**

Iwami: To put it point-blank, what the general election had done was to allow voters to select a political setup which polarized the Liberal Democratic Party [LDP] and the Japan Socialist Party [JSP]. According to the opposition parties, abolition of the consumption tax was the campaign slogan which they all had shared; however, almost all votes went to the JSP. I don't blame the Komeito and the Democratic Socialist Party [DSP] if they are not too pleased with this outcome. What lies behind this may be the fact that the people were getting tired of the multiparty opposition which was not "going anywhere."

On the other hand, the key to the LDP's victory for ensuring its stabilized power may very well be an indication that voters are more inclined toward stabilization when in the midst of international friction. I may be wrong but I feel that the consumption tax and the international situation were very much on voters' minds in this election.

Even so, the ratio between the number of seats held by the JSP and those of the LDP is 2 to 1, and there is still some distance to overcome before we can accurately say that the results of this general election will make it possible for the country to achieve eithger a two-major-party system or one of two major political powers which can alternately rule the country.

Another point to bear in mind is that almost all Diet members who were involved in the Recruit affair have been reelected; while, at the same time, an unprecedented amount of money was spent in this election. We cannot ignore that aspect of the election.

Uchida: What we should look at is the effect the 6-month period, between the July 1989 election of the House of Councillors and the February 1990 election of the House of Representatives, had on the political parties and on the voters.

Through these two elections, it was the JSP which emerged victorious, although, it was, to a certain degree, a case of the JSP regaining what it had lost badly in the previous 1986 election. Although the JSP has increased the number of its seats from 85 to 136 (only those certified) in this general election, if we consider that in the May 1958 election, held after the setup in 1955 when the total number of the House of Representative seats was 467 (currently 512 seats), the JSP won 166 seats, the increase, in terms of a 30-year span, is nothing to write home about.

As a foremost opposition party, the JSP is in a position to consolidate and lead the opposition's political power; however, other opposition parties have been defeated in both elections, hence from that standpoint, the elections brought bitter victory to Ms. Doi.

The LDP, on the other hand, experienced a crushing defeat in the House of Councillors election, but in the general election, there was a complete reversal of the situation, which gave the party a stabilized majority. The LDP was the only party which has experienced such extreme ups and downs in the past two elections.

The kinds of changes which occurred during the past 6 months were the political upheavals in the Soviet and Eastern European blocs and a momentous change in the U.S.-Soviet axial relationship shifting from Yalta to Malta. When viewed from the perspectives of continuity and change, we can say that the JSP had stuck to the domestic issue of the repeal of the consumption tax through the past two elections and had won. Although both the DSP and the Komeito had advocated repeal, a certain amount of suspicion as to the sincerity of their

contentions continued because of the circumstances under which the consumption tax was established. In this respect, JSP Chairman Doi was consistent throughout in her efforts to repeal the consumption tax, and I think that was the reason why she received voter support.

However, this issue, in a sense, was something which already had been established by the House of Councillors election; since then, the JSP has not come up with anything worthwhile with which to deal with the changes which occurred during the past 6 months.

The LDP, on the other hand, came up with a slogan, "Choice of a political system. When the slogan was criticized as being dated, the party withdrew the slogan halfway through the election; however, I can understand the LDP's desire to make some kind of statement on the world-shaking changes. Voters, perhaps struck by the momentous changes occurring abroad, have chosen the LDP as a political power which might be able to deal with the changes in its own way.

Another deciding factor which contributed to the downfall of the opposition parties was that, during the past 6 months, the opposition parties Rengo regime was exposed before the people as nothing more than an empty image in many senses of the word.

Takashima: Looking at actual elections, year after year, I get the impression that journalism interprets election outcomes too much as a kind of literature. Although journalists would say that the people made choices based upon their awareness of this or that, my feelings are that if one looks at an election from the foundation base, perhaps he will realize that that is not the way in which it is set up.

The characteristic of this general election was that it had an unusually high voter turnout. This was contrary to what we had come to expect.

Voter turnout for a single election consistently has been low since the mid-1970's, and the LDP had to fight hard in the low-voter turnout elections. Using the strategy of the same-day election, the party had increased voter turnout. The fact that we had nice weather on election day may have something to do with the high voter turnout. People in the snow country are saying that the LDP had planned for a warm winter election because it appears the "global warming" has set in. (Laughter) Now it is possible to hold elections in the winter months of January or February. At the same time, thanks to the construction boom, which rural regions have been enjoying since the Kakuei Tanaka era, all villagers now can go to their polling place to cast a vote.

On the other hand, I have never seen an election which featured as many candidates as this one. This was especially true of the LDP and the JSP. As a result, campaigns become greatly overheated. Simply put, this is the basic structure which has served to raise the voting rate.

In addition, the LDP staged an all-out campaign. MAINICHI SHIMBUN reports that the amount of anywhere between 25 billion and 30 billion yen was supplied by financial circles. I don't know where THE NEW YORK TIMES got this information, but it reports that the total amount spent by the entire LDP actually is 7 to 8 times as much as the amount reported by MAINICHI SHIMBUN.

The LDP had been campaigning hard for the general election for over 6 months in the aftermath of the upper house election last July, carrying with it the tremendous sense of a crisis situation.

The LDP's campaign sites show us the abundance of goods consumed. I believe that it was the sheer volume of materials which dug out the conservative layers and gave the conservative "spring" a new life by which to push the voting rate higher, thus bringing victory to the party.

In that sense, the argument for a choice of political setup was not simply nonsense. It was not the choice between liberalism and socialism; but, rather, and more to the point, the question of whether voters should hand over the LDP's setup to opposition parties.

Looking back, it appears that the LDP has always chosen the political setup argument whenever the party faced a crisis situation. Toward the end of the 1960's, when the idea of revolutionary autonomy was gaining wide support, the party urged the people not to allow a red flag to be hoisted at prefectural, municipal, and rural government buildings. In regional areas, the "conservative spring" I speak of has had a tremendous degree of efficacy. When I say that its slogan represents a choice of political system, one can get the real sense of what the "conservative spring" is.

Moreover, behind it should be economic prosperity. If the LDP were to collapse at this juncture, so would the stock markets; bankruptcy would spread like wildfire, and the Japanese economy would be shattered to pieces—this is the kind of story which would develop from the LDP scenario.

In that sense, the JSP or the opposition parties made a fatal mistake in not being able to come up with an alternative political system which voters can accept and with which they feel comfortable. An upper house election may be used for punishing the LDP but the lower house election is different—the survival of the very foundation of people's lives depends upon its result. In my opinion, the LDP has succeeded in implanting a sense of fear and insecurity in people's minds by bringing up the question of the choice between political systems.

The second reason lies with the JSP. Since the party ran more than one candidate in the "non-contested districts," they had to compete with one another. This created tremendous drawbacks for the party. On the other hand, in 3-man districts, which constitute one-third of the total of electoral districts, the party had abandoned its support for multiple candidates. In regional areas, these districts were won by the LDP over

the JSP at a ratio of 2 to 1. Most of the 3-man districts were not contested. This was the case, also, with part of the 4-man districts.

It was mostly in the 4-man districts and 5-man districts where the LDP and JSP dug in. This is the basic point when the general election was viewed from its base upward.

Otake: Putting it in extreme terms, I say that the JSP lost. Since the party is so accustomed to losing, now, if they were able to win this many votes, it looked as if they have won. But a political party cannot claim victory when it could not win a majority of the votes cast.

This general election probably was the first time, although temporarily as it turned out, since the collapse of the Katayama cabinet when the change in the ruling party was viewed as a possible reality by the voters. My impression is that the JSP had let that rare opportunity go.

The reason why this happened was, to begin with, that the JSP could not come up with the sufficient number of candidates required to win the majority. In a certain electoral district, they had decided to run two candidates; but, then, had to abandon the idea becasue, in the previous election, when they had run two candidates, both were beaten. So they felt that they would have to go with one candidate.

Moreover, even should the party decide to run a second candidate, they were unable to find a good one, even after spending a great deal of time and effort in the search; and so the searchers themselves, in many cases, took the responsibility of running themselves. Even if they happened to find a "madonna," if she was not elected, then the person who persuaded her to run would have been obliged to take care of her living expenses, and so, bearing this in mind, they wound up bringing out elderly people such as lawyers or former chiefs of local governments who were receiving pensions.

One might say that, considering the depletion of talent which must have left the JSP in a shaky position, the party did extremely well. My own impression, however, was one of how weak the party has become.

Moreover, there was no cooperation between the JSP and the Komeito/SDP. This was critical for the JSP which was considered the foremost opposition party, but the party had no energy left over with which to put out any effort on behalf of other opposition parties.

In the policy aspect, the JSP was unable to formulate a vision of Japan—of how Japan would change if the party were to win. On the contrary, all they said was that their vision was the same as that of the LDP, and, therefore, that people should not worry.

I feel that it is true that the conservative streak in the present-day Japanese is a very strong one, but that, at the same time, perhaps there is a certain amount of hidden desire for change existing among them. Especially, in the case of women, they do feel a vague dissatisfaction with present-day society. The JSP was unable to come up with a policy to deal with these undercurrents.

The LDP, on the other hand, adopted a defensive posture throughout the election. During the Nakasone era, in aiming at extending the strength of its left wing faction, the party agressively went after white collar votes, even, to a certain degree, at the expense of its support groups, such as the Ad Hoc Committee on Administration Reform, the National Council on Educational Reform, existing farmers groups, and industrial and commercial organizations. This went against the party, and having been deserted by both wings, the party was met with a crushing defeat. That is why, in this election, the party adopted a policy of solidifying the foundation built by the old party faithfuls in agricultural villages and in commerce and industry.

Over the past 10 years, what was politically most fluid was the manner in which the party was obliged to work out the question of how to capture urban middle class votes. The Administrative Reform of the 1980's was a policy aimed at this. It isolated the labor unions and prioritized consumer profits. The direction taken by the government toward privatization was aimed at the urban middle class as consumers, and I believe that it did receive definite support.

Originally, the consumption tax also was a policy aimed at this urban middle class; however, the LDP failed in this, and ended up by losing the support of the urban middle class. Using the general unhappiness with the consumption tax as a telling argument, the JSP won the election.

As for the question of what is happening in agricultural villages, at least in the Tohoku region, the JSP is experiencing substantial growth, while criticism toward the LDP's agricultural policy still remains strong. Moreover, both the DSP and Komeito's political hold on agricultural villages has always been weak, and that weakness became very visible in this election. It gave an impression that that weakness is directly linked to the JSP's dramatic rise.

Uchida: In 1986, when the LDP scored a big victory in the same-day election, Prime Minister Nakasone threw out his chest and proclaimed that this marked the beginning of the 1986 political victory strategy. However, because of the Recruit scandal and the unpopular consumption tax, those strategies, without exception, worked against the party. Because of the lesson learned from it—that urban white collar votes are like sand, totally undependable, the LDP has switched its strategy. Its consumption-tax reevaluation plan is not a reevaluation of the tax on behalf of the consumers' benefit, but, rather, a service plan for business and industry.

As for agricultural administration, the election results point to the critical attitude of voters toward the LDP as providing a base rather than to the strength displayed by the JSP in the Tohoku, Shikoku, and Kyushu Regions. This fact is demonstrated by the defeat of Mr. Eto, the incumbant minister of transportation, and that of Mr.

Sadanori Yamanaka who personified the LDP tax study committee which introduced the consumption tax idea.

In the JSP camp, the strategy for the party's own dramatic growth and for the growth of all the opposition parties under the leadership of the JSP remained in a state of confusion. This confusion manifested itself unequivocally in the debate pitting Chairwoman Doi against former Committee Chairman Ishibashi. To the request of the middle-of-the road parties, the Komeito and the SDP, that it stand closer to them, the JSP did not involve itself in making any decision. Not only that, but the JSP was so preoccupied with the idea that if the opposition rengo would win, then the Komeito and DSP might betray the JSP, that its efforts were exclusively devoted to increasing the number of over house seats held by the party. Although the fault may lie with the middle-of-the-road parties, there was no unity among the opposition parties.

Takabatake: My impression of the election as I covered the campaign fields was that approximately 80 percent of the farming population, who had revolted during the upper house election last July, returned to support the LDP as a result of pressure exerted from above. Although the JSP supported two candidates in the first and second districts in Akita and the second district in Iwate, only one of these was elected. In the second district in Yamagata, the party's only candidate finished second.

In Kagoshima, where the LDP had from 150,000 to 160,000 votes, Mr. Nikaido received so many votes because of his fear of losing that Mr. Yamanaka was defeated by a margin of 28 votes. Compared with the previous lower house election, the increased number of votes which the JSP succeeded in getting was no more than 10,000. This corresponds to the ratio of district votes cast during the upper house election held last July; however, it does not come up to the number of votes received by Mr. Wataru Kubo.

Among the districts, Aomori's second district stands alone, fighting a valiant battle of rebellion. Based on the issue of a nuclear fuel cycle base, the Hirosaki Agricultural Cooperative supported Mr. Hiroshi Yamanouchi, a JSP candidate. The reason for this was that it was directly linked to Tokyo's produce cooperative which had indicated that it would be very much reluctant to purchase any nuclear-waste-contaminated agricultural products. Alarmed by this, the Hirosaki Agricultural Cooperative supported the JSP candidate. Mr. Yamanouchi was elected; and the number of votes cast for him amounted to approximately 70 percent of the proportionate district's votes.

Other than this, because of pressures exerted from above, there was hardly any revolt from the youth division of the agricultural cooperatives. Moreover, the upper house election served as a tool for punishing the LDP for its betrayal—the liberalization of the beef and orange markets. However, one must think about tomorrow and ask himself the question of which party has more power to stop deregulation of rice production and distribution. Even if there is not an entirely secure feeling with the LDP, still it seems a better idea to return to LDP once more.

Iwami: How do you feel about Mr. Otake's view of the JSP having missed this once-in-a-lifetime chance?

Uchida: As I held the view that voters would not reverse the positions of the ruling and opposition parties, I feel that the result of the election was a natural outcome. One of the reasons is the fact that the election systems for the lower house and the upper house are different. However, as an already existing problem, regardless of whether they win or lose, the number of candidates run by the four so-called opposition parties still does not even constitute a majority of seats (of course, I am separating the Communist Party which runs its candidates in all 130 electoral districts). Furthermore, it is an impossibility for the opposition parties to have all its candidates elected. For this reason, I felt that this election was a matter of the LDP barely or easily winning with a majority.

Takabatake: There are two points in this argument. One is that basically, it is not possible to form an opposition party/Rengo government. They are that far apart in basic policies. Moreover, after the solo victory of the JSP, other parties became very cautious of the JSP repeating its victory and began to stress their own uniqueness. Coalition, accordingly, appeared to be the only course to follow.

For instance, Rengo, in effect, is an arranged marriage, and, therefore, the marriage contract should be stated clearly. On the other hand, coalition is a living-together arrangement, one by convenience. If the JSP were to court the other parties, they would be expected to do whatever the JSP required of them. However, the better way would be to play up what they and the JSP had agreed upon.

With this situation on my mind, I had been saying ever since last summer that if each opposition party, basically, would maintain the status quo and prepare to form a temporary coalition aimed at the consumption tax and political reforms, they would be able to attract the voters in the lower house election. However, if they make a fuss about the coalition debate, they would be throwing away a golden opportunity. I am afraid that was exactly what happened.

Last summer, immediately after the House of Councillors election, the JSP's inner circles had a great deal to discuss in order to achieve the party policy of long standing. Ms. Doi, also, was discussing in interviews given to foreign magazines what the Socialist Party government would be doing. That was when even a coalition could not be formed, let alone a Socialist Party government.

Why could not the JSP shelve its principles and propose a realistic policy with which to deal with the immediate situation? That has to do with the problem of the party's characteristics.

For instance, the JSP had been saying that there were not a sufficient number of candidates; however, the fact of the matter was that, since the party had won both the City Assembly and the House of Councillors elections last year, everyone in more promising electoral districts, was raising their hands, wanting to become candidates. The majority of those who were newly elected or making a comeback were ex-key members of the JSP or of the trade unions. Strangely enough, the victory in this election served to make the JSP more past-oriented.

Uchida: That would be the biggest problem which the JSP will be facing from this point on.

Takabatake: I think that the JSP should have run two candidates, even in the districts where the LDP had regularly won two seats and the JSP, one. If the party accepts the ratio of 2 to 1 in 3-candidate districts, it could never hope to win a majority. In 3-candidate districts in regional areas, if the JSP would run its candidate, it would not erode the domains of the Komeito and DSP. If they can come up with coalition candidates, so much the better.

Otake: In the electoral districts with which I am familiar, the caliber of the candidates was such that, although they might have won this particular election, they probably would have a hard time being elected in the next one. So the question came up—whether the party would be in a position to take care of young candidates should they fail to be elected. As a result, in many cases, the party's old hands took it upon themselves to run as candidates. From what I saw, I formed the strong impression that they ran, not out of conviction, but, rather, out of necessity although they did not think they would win.

Takabatake: Those who volunteered were former officials of the JSP and trade unions—those whom we did not particularly want to see run if the JSP were to transform itself. (Laughter)

Otake: Another point which I want to make is that, as seen in the example of Eastern Europe, in the world of politics there is always a possibility for some unexpected development. If we believe that something is impossible, then it will become impossible. This precisely is the point of the JSP's characteristics—they think some things are impossible. If Ms. Doi thought that the party could really win, it probably was only she who held this conviction. The rest of the JSP members did not think that the party could win.

Whether they were members of the House of Representatives, prefectural assembly members, or prefectural secretary generals, the best anyone could do was to hang on to his own position; I did not feel that anyone aspired to become one of the party in power. Conversely, if they had had the will to do so and believed that it was possible, then I feel that the JSP would have won the election.

Iwami: I would like to ask Mr. Uchida about Mr. Takabatake's argument that the election technique designated as "people's choice of political system" was effective. What do you think of it?

Otake: Nowadays, the ideology of economic liberalism is penetrating into trade unions. They refrain from demanding wage hikes and accept long working hours. They consider the fate of the company as their own. The current system went overboard on economic liberalism. When the choice of systems was discussed only in terms of capitalism and communism, it does not sound right; there is yet another system, viz., a social democratic system. The system generally designated as a welfare state must be separated from the choice of systems alluded to in this election. The JSP could not come up with a vision for the future.

For instance, Japan has accumulated tremendous wealth. That wealth is pouring into foreign countries in the form of investments. However, if only our political set-up can be changed, that wealth can be used to improve our standard of living and relieve Japan from foreign demands.

People in West Germany and America ask why Japanese trade unions are so weak and say that it is their weakness which causes economic frictions. People often say that perhaps West Germans and Americans should come to Japan and teach the Japanese unions how to get tough. The JSP could not come up with any vision of a new system, and when asked about the choice of political systems, all that the party could do was to reply meekly that there was no change.

Uchida: Just before the general election, there was a discussion between Ms. Doi and the dean of Tokai University, Shigeyoshi Matsumae (JSP adviser) on presenting the voters with a choice between the principles of laissez-faire and of social democracy. However, this did not materialize.

Iwami: With the results of the election at our disposal, we now would like to talk about what will become of the Kaifu cabinet. Intertwined with the fate of the consumption tax, depending on how the tax is handled, it might possibly trigger reorganization of political circles as Mr. Kanemaru suggested..

Uchida: Now that the LDP has secured 286 seats, the battle for hegemony within the party and the issue of political reorganization will not be on the LDP agenda for some time to come.

There had been two reasons why the LDP would not achieve political stabilization, even if the party had the majority of seats. One was that, if they won with a bare majority, the political situation would become unstable; another prediction was that, since the opposition party holds the majority of seats in the upper house, depending on how the consumption tax is handled, some LDP factions might ask Kaifu to step down and to support Abe.

This situation would lead to a partial coalition under former Prime Minister Takeshita, and to Mr. Kanemaru's theory of political reorganization. In addition in the middle of the election campaign Mr. Kanemaru said that the consumption tax would have to be reevaluated. This was undoubtedly a trial balloon with a nuance which was close to meaning that it should be frozen.

However, when we consider the results of the election, which secured a stabilized majority for the LDP, we realize that, due to the reversal of majority parties in the House of Councillors, the issue of a partial coalition still remains; however, Mr. Kanamaru's grandiose proposal for a political reorganization, at least, has been extended until after the next year. This is how I would summarize the interim political situation.

Iwami: According to the after-election speech made by Mr. Kanamaru, who is considered the strongest "muscle man" in political circles, the LDP was beaten in the upper house and won in the lower house; the LDP's record, therefore, is one-win one-loss. In this situation, the LDP had to handle the thorny problem of the consumption tax; consequently, the party may be willing to compromise at a level exceeding the expectations of the opposition parties. There is a strong feeling that, while grappling with the important problem of the consumption tax, the party may be able simply to play with the interparty problems without coming to any decisions. I don't know whether this would lead to the two-political-party system, but I feel that now is the time to focus on this problem.

Uchida: Mr. Kanemaru's political reorganization theory is an idea which takes into consideration the great experiment of West Germany's Social Democratic Party. However, in Japan, on the JSP's side, there is no one who will be able to keep up with Mr. Kanemaru's grandiose vision and transform it into political reality; for this reason, it may turn out to be nothing more than just one step toward achieving a partial coalition.

Takabatake: This is related to the LDP movement as well as to the similar movement within the opposition parties. For instance, to which side will the severely-damaged Democratic Socialist Party turn, and will the Komeito harden its posture toward the JSP?

However, doesn't the biggest problem reside within the JSP? Externally, the Doi Socialist Party made big strides but internally it has deteriorated, and its relationship with the Komeito and DSP is not advancing.

As the result of its dramatic advance, the JSP now has 139 seats including independents. From the party's financial standpoint, it now is growing at a rate of 50 percent. That is why there is a fear among some that the party may wind up feeling quite content with the present state of things and not want dissolution. It would be foolish to part with the treasure now in their possession. And so they asked former party Secretary General Tanabe to assume leadership and to pursue talks with the LDP, skipping participation with relatively unimportant parties like Komeito and the DSP. There is a prospect of a revival of the 1955 setup and of the LDP-JSP talks; both parties are moving toward the path of cooperation.

Uchida: When all seats are combined, the LDP holds 286 seats and the JSP 139 seats, between them a total of 425 seats. No matter how much other Diet members may feel like screaming, they will not consider another election for some time to come. If the JSP now had someone with the flexibility possessed by the late Chairman Saburo Eda, it may be a slightly different story.

Otake: Looking back to examine reasons why the indirect tax was proposed, I see that the party's original goal was to reconstruct its financial affairs. The LDP went as far as to stop issuing red-ink bonds. Moreover, before we knew it, a small-scale government group along the lines of the Ad Hoc Commission on Administration Reform has secretly been replaced, and now the ideological content of this indirect tax, or the consumption tax, is that it is designed for the country's future welfare, and is, therefore, an avoidable increase levied on consumers to prepare for big government in the future.

In that sense, if the JSP should offer a course of action along the lines of social democratic principles, a great deal of money would be required to implement the services of a welfare state. Should this be the case, then the strict ideological difference between the LDP and the JSP would disappear. I feel that this may be one of the possibilities.

Takabatake: I don't think the LDP's inner circle is in agreement on the points of a high-level welfare and expenditure policy. Theirs is a mid-level welfare and expenditure policy. Basically, it is along the line of having families take care of their own aged.

Otake: This type of welfare policy is the result of the tension created between big government supported by mass democracy and assertion of the small government viewpoint of the financial world or the Ministry of Finance. I believe this will fluctuate as relative power between the two shifts.

Although this has not become the point of heated contention in this election, the government and the LDP formed an Ad Hoc Commission on Land to establish the basic land law. This is along the lines of tightening regulatory controls, a big departure from the ad hoc commission's original intention. It is symbolic that both ruling and opposition parties have agreed on the Basic Land Law. Don't you think that there is a possibility of interparty cooperation not only on the land issue but on welfare issues as well?

Takabatake: The present JSP has a big trump card to play as the majority party in the House of Councillors. This is where the present situation differs from the 1955 setup. The party is in a more advantageous and forceful position from which to negotiate. However, there is the problem of the middle-of-the-road parties who control swing votes, even though they, themselves, are small groups in the House of Councillors. Consequently, the LDP and JSP

cooperation may result in pump priming for the establishment of the LDP, Komeito, and DSP lines.

Uchida: In the case of the Democratic Socialist Party, it is a question of whether it could survive into the future, a question which will continue to be debated within the party. However, the Komeito presents a bigger problem. This party, currently holding 46 lower house seats and 21 upper house seats, carries quite a bit of weight. Depending on the eventuaiities, the opposition parties' majority in the lower house could easily be overturned at any time.

Although there will be no LDP-JSP reorganization, talks between these two parties are axial. The Komeito's move in this situation will become a key point in every case from here on.

Otake: I still feel that the Democratic Socialist Party has a great potential. If you look at the labor movement, it was the former National Confederation group which formed Rengo, while the Sohyo (General Council of Trade Unions of Japan) group was very shaky. In spite of that, ironically, it was the JSP which belonged to the Sohyo group which was elected.

However, if a political party is to oppose industry's logic, taking a stand on social democratic principles, then the future role of the private trade unions will become crucial. I feel, therefore, that the potential of the Democratic Socialist Party which makes up the main part of the Rengo is a substantial one and will not be absorbed by the JSP.

Uchida: Certainly, the Domei (Confederation), Rengo, and Shin Rengo advanced at the pace set by the Democratic Socialist Party. However, as they developed, the Democratic Socialist Party became weaker as a political party. At the same time, combined with the failure of the Rengo candidates in the lower house election, internal contradictions in Yamagishi's Shin Rengo will become evident in the near future.

Iwami: Our next theme is the way in which the election results should be considered from the standpoint of Japan's international position looking at the 1990's.

Uchida: This election was a domestic policy-oriented election. In the present election system, politicians are forced to become partial profit seekers. This is a dilemma which must be resolved by Japan which plays a vital role in world affairs, and it will take political reforms to do it.

Iwami: Do you think that Japanese rice markets should be liberalized, at least partially?

Uchida: The food industry and agriculture are increasingly becoming diversified. In such a political climate, I don't know how much longer Japanese farmers can continue to block the liberalization of the rice markets. I think the limits have been reached.

Otake: I think that the farmers know that they cannot block importation of rice, even if rice is only one grain. However, neither the ruling nor the opposition parties have yet to provide farmers with a vision of the future. As for the farmers—and I think this is the fault of the agricultural cooperatives—they are not telling the politicians that they have a concrete vision of what their future should be and that all they want is for the politicians to realize this vision. If I may put it in stern terms, they were waiting for politicians to do everything for them. Although they loudly question the credibility of the LDP's agricultural policy, they are unable to come up with any specific idea regarding how to deal with their problems.

Takabatake: Since, for now, the LDP is a ruling party, the issue of the importation of rice will become the first cross which the LDP must bear.

If one views this issue from the standpoint of the farmers, it must be realized that what the farmers are most afraid of is not the free market but reduced acreage, and that would threaten their livelihood, and in addition they see an absence of future prospects. The reason why rice became a political issue of such dimension is that, instead of reducing the Japanese trade surplus, the financial world has billed it, so to speak, to the farming households. Judging from the way in which the LDP handled such matters, in the final analysis, it was a policy of "slaying those who offer the least resistance." There is a good chance that the agrarian problem will be handled employing that method.

There are some specialized farming households which believe that they could survive under the liberalized market system. However, in those cases, although agriculture per se may survive, villages will not.

A great majority of business farming households depend on production of distribution rice and the construction projects which follow the harvest. Even if agriculture survives, the Australian and California types of farming do not produce a faithful voting constituency for the LDP. This is the dilemma facing the party.

Uchida: There has been a continuing movement of people from farming villages to cities, and yet neither the LDP nor the JSP can abandon the farming village votes. Basically it is due to the strange political setup, such as 130 interim electral district system or the imbalance of a quorum. The more I think about this setup, the more I feel that this is where the root of problem is.

Takabatake: It is a fact that feelings of insecurity and anger are spreading among farmers. However, this election put pressure on these findings and so they became latent. Why wasn't that kind of dissatisfaction been directed toward the support of the JSP? This is where the JSP's weakness lies. Although the party talks about new basic agricultural methods, farmers do not believe a word of this. Neither do they believe that the JSP would revert to its former complete agricultural protection policy nor that they would refuse to consider the demand for liberalization.

The LDP's policy has been based on the twin columns of the financial world (for money) and farming villages (for votes). This balance of the two-horse carriage is now completely destroyed, and the party does not know what to do.

As for its future prospects, as Mr. Otake said, what the LDP wants is to show a sleek image of an urban LDP. However, it is like cutting off one's own legs, and raises the question, who will bell the cat? In that sense, unless the LDP experiences a taste of defeat at least once, it will not be likely that they can generate the required energy for political reorganization. A victory, such as this one, would not provide the party with the necessary energy to produce the desired results.

The JSP was also thinking, after the small degree of success that it had won, so no forces of change will be generated from that source either. (Laughter) Thus they start the 1990's in what could be described as lacking in clear vision.

Otake: I doubt very much whether Japanese politics will be likely to have stability internationally in the current conditions. However, no political party, thus far, has grappled head on with the problem of essential domestic change in response to changing international relationships. Unless the parties are able to provide the country with better future prospects, Japan will be isolated and bashed internationally.

Takabatake: For instance, if the opposition parties reduce the surplus, recognize the international liberalization of industries, and, at the same time, obtain the support of financial circles, and with this, deal with the rice problem by easing political and international pressures, it might help but it is like solving very complex simultaneous equations.

Iwam: In order to do all these things, the parties would need a great deal more imagination than they have evidenced thus far.

* Kanemaru Trying To Recruit Naoki Tanaka

WA1405072090 Tokyo SHUKAN GENDAI in Japanese 12 May 90 p 54—FOR OFFICIAL USE ONLY

[Unattributed article in the "Look" feature: "True Intentions Behind Former Deputy Prime Minister Shin Kanemaru's Plans To Recruit Naoki Tanaka into the Takeshita Faction"]

[Text] Shin Kanemaru (75), former deputy prime minister, who has become the most powerful Liberal Democratic Party [LDP]) leader, instructed Kozo Watanabe, chief secretary of the Takeshita faction and former minister of home affairs, to find ways of restoring relations with the [Kakuei] Tanaka family. In concrete terms, Kanemaru wants to recruit former Dietman Naoki Tanaka into the Takeshita faction and to look after him. Tanaka, who was defeated in the last general election, is the son-in-law of former Prime Minister Kakuei Tanaka. However, there is a big problem with [Kakuei] Tanaka's wife, Makiko. She turned Takeshita away when he, then secretary general of the LDP, went to see Tanaka at his residence.

A core Takeshita faction member commented: "There is no way that a shrew like Makiko will easily agree and say 'okay, go ahead.'"

When former Prime Minister Tanaka suffered a stroke in February 1985, Takeshita took advantage of the situation and established his independence, and subsequently formed the Takeshita faction in 1987. Since then, the Tanaka family and the Takeshita faction have completely broken off relations. The previously mentioned Takeshita faction member added: "Therefore, before inviting Naoki into our 'village,' Takeshita must perform a "ceremony" of going through the motions of paying a visit to [Makiko] Tanaka. But knowing her, she might not hesitate to shut the door in his face again."

Why, then, is Kanemaru proposing to restore relations with the Tanaka family? A senior Miyazawa faction member commented: "Perhaps because of the definite split between Kanemaru and Takeshita, Kanemaru wants to impress upon others that he and Secretary General Ozawa are now in charge. By openly paying homage to Kakuei Tanaka, who had brought them up, he intends to demonstrate that he and Ozawa, rather than Takeshita, constitute the direct line from Tanaka."

It is true that the chasm between Kanemaru and Takeshita, who is seeking to regain power, is widening. It is reported that there was a scene when Kanemaru raised his voice and shouted at Takeshita: "My last task is to prevent you [omae-san] from regaining power!"

Regarding relations with the Tanaka family, a reporter assigned to cover LDP activities said: "It will be impossible for Takeshita to restore relations, but Kanemaru could do it." Recently, Kanemaru made news when he urged "the return of two islands of the northern territories." He seems to be saying and doing things at will. His only worry, it seems, is his health.

Domestic Affairs

Defense Agency To Introduce AWACS, MLRS

OW1405062790 Tokyo NIHON KEIZAI SHIMBUN in Japanese 9 May 90 Morning Edition p 1—FOR OFFICIAL USE ONLY

[Text] The Defense Agency decided on 8 May to introduce new major military frontal hardware including Airborne Warning and Air Control Systems (AWACS) and air tankers for the Air Self-Defense Force, and the Multiple Launch Rocket System (MLRS) for the Ground Self-Defense Force under the next defense buildup plan beginning in 1991. The agency made this decision in the belief that to keep present defense capabilities, it is indispensable to improve rear logistics support and to make qualitative improvements in the frontal military

hardware in keeping with the developments in science and technology. The agency also made the decision by taking into consideration the U.S. request for Japan's purchase of these U.S.-made military equipment. The agency plans to enter consultations with the Finance Ministry in June and to have the decision approved by the Security Council by September. Nonetheless, the decision to introduce large frontal military equipment at a time of detente is likely to trigger controversy.

The AWACS is an aircraft which has a combined function of controlling ground radar and fighter planes. It is capable of commanding units with the assignment of detection and alert warnings covering 120,000 square miles.

The agency plans to improve air defense and interception capabilities through the introduction of the AWACS and to bolster the sea air defense system and the sealane defense capabilities with Aegis ships (escort ships carrying the latest anti-air missile system), which the agency has already introduced. The agency has come to the conclusion that to counter Soviet high performance weapons, including Backfire bombers capable of launching long-range missiles, it is necessary to establish an anti-air system by introducing the AWACS, which has a high degree of command and warning functions. Air tankers which can largely extend the flight time of fighter planes will also be introduced.

Regarding air tankers, opposition parties have criticized their introduction, maintaining that "they will make it possible to attack other nations." However, the agency has decided to introduce them because the present medium-term defense buildup plan explicitly calls for "studying" the introduction of air tankers, and they are useful from the viewpoint of improving the training efficiency of the Air Self-Defense Force.

Regarding the type of AWACS to be introduced, the agency is almost certain to opt for the U.S.-made E3A. The KC-135 and KC-10 are the most likely air tankers to be introduced by the agency.

The introduction of the MLRS aims to supplement the long-range field firepower which lags behind other major military hardware of the Ground Self-Defense Force. The MLRS is capable of overpowering a large area in a moment and will contribute to modernizing military equipment of the Ground Self-Defense Force.

The Defense Agency has decided to introduce high performance military equipment, taking into consideration the rapid developments in science and technology and the fact that the defense capability buildup will take a long time. The agency's decision is also based on the judgment that if it neglects the modernization and renovation of frontal military hardware due to the changing international situation, this will result in making it impossible to maintain the present level of defense capabilities because of backward quality.

* Patent Office Examiners' Criminal Acts Viewed

902B0085A Tokyo SANDE MAINICHI in Japanese 18 Mar 90 pp 26-29—FOR OFFICIAL USE ONLY

[Article by SANDE MAINICHI reporters Chikahiro Kuroiwa and Akira Yuasa]

[Text] **Behind the Scenes in the International Patent War, Patent Office Examiners Lend a Hand Via Criminal Moonlighting Activities**

For remuneration that runs to several hundred thousand yen a month, they plot "patent sabotage" on behalf of certain corporations. Thus these patent examiners, who should be impartial in their decisions, moonlight at criminal activities in an age of high technology.

This magazine was presented with explosive, "indictment-grade" material: Evidence that Patent Office examiners, who are government officials, have been quietly engaging in collective moonlighting activities of a questionable ethical nature.

On the ninth floor of the Patent Office in the Kasumigaseki district of Tokyo, in the government's first "intelligent building," Mitsuo Watanabe, director of the office's General Affairs Division, looked over the materials.

"It's unbelievable," he whispered, almost in a groan; his face was drawn. "There's no way this should have happened." Then, just as quickly, he straightened himself and said forcefully:

"I will put a stop to this kind of activity immediately. Suitable measures will be taken." His lips were then drawn tight.

The extraordinary "activities" pursued by the patent examiners were especially shocking to Watanabe.

Patent Office examiners, after passing upper-level civil service examinations and training, become assistant examiners; after four years they are given an official appointment. The 883 patent examiners currently employed by the government undertake the examination of patents in 31 separate fields, from construction and architecture to food processing, semiconductor instruments, data processing, acoustic instruments and communications.

The patent examiner's job consists of rendering a judgment as to whether or not a given invention qualifies for patent protection, based on the degree of newness and progress it represents. The examiners are, in effect, "patent judges." Unusually, too, these individuals are vested with the final authority in the matter, so a high degree of integrity is demanded of them. They must not be influenced in their decisions by the content of the application or by the corporation or individual making such an application.

Patents are an indicator of technological prowess; they are so important to advanced technology industries that the acquisition of a patent or patents is said to determine the very fate of the corporations involved. A famous

example that illustrates this assertion is Sumitomo Electric Industries, Ltd.'s patent blitz of three years ago, when the company submitted some 600 applications for patents concerning superconductive materials.

Given a system in which the earliest application gets the patent, corporations are engaged in a fierce and expanding patent war. It was behind the scenes of this war that the Patent Office examiners conducted their collective moonlighting.

According to the "materials" mentioned at the beginning of this article, the data research firm Alto Research (Tokyo, Minato-ku; Kazunobu Igarashi, president) originally "ordered" this work.

The number of patent applications submitted each year totals some 510,000, an increase of 200,000 over the past 10 years. Research firms like Alto came into prominence as venture firms in order to keep track of this flood of ideas; it is said that there are now 60 such companies in existence, including proprietorships. Such corporations research patents, but although this information is in the public domain they nevertheless require some specialized knowledge in order to increase the accuracy of their work.

The majority of requests made to Alto for patent research on the part of major telecommunications firms and others consists of researching published material to determine whether or not patents similar to those the client corporation is planning to submit for its own inventions already exist. If a similar patent has already been granted, then there is a strong possibility that even a new invention will not be granted a patent.

For a year, it had been rumored in some parts of industry that Alto's research was accurate, and that a company that had only three or four employees besides the president was able to get business from major corporations because Patent Office examiners had been doing the research. The truth of those rumors was confirmed by these "materials."

About 80 examiners—all of them involved in high-tech fields—have been moonlighting for Alto since the company was founded in July of 1987.

The examiners would conduct their research in accordance with the technical aspects indicated on pre-application research requests submitted to them by Alto on behalf of A., an electrical appliance manufacturer, comparing A.'s inventions with existing patents.

If another such firm—B., for example—had been granted a patent on similar technology, then the examiners would write down the number of the patent and the technical characteristics of B.'s patent. In addition, they would indicate to A. in which of three classes its invention would be placed in relation to B.'s—"very close," "close" or "as reference material."

Sources say that such research would allow the company to make an accurate prediction as to whether or not it would be granted patents on its inventions, because the examiners themselves had virtually indicated their decision even before the application was filed. The examiners' fees were labeled "manuscript expenses;" they were paid Y15,000 per request. Sometimes there were as many as 30 such requests per month.

Examiners Set Up System of Kickbacks

Examiners were involved in even more questionable researches: They conspired to effectively sabotage or squelch competitors' patent applications.

In order to protect its own inventions from being preempted by the granting of a patent to a rival firm, a company objects, at the time the rival firm's invention is made public, that it has already been granted an identical patent. In order to do that, however, it must conduct detailed research on existing patents. This research, too, was done by Patent Office examiners on request from Alto; it, too, was paid for under the guise of "manuscript costs," at Y40,000-50,000 per request.

According to the materials obtained by SANDE MAINICHI, in February of last year, for example, some 17 examiners did work for Alto. They earned Y85,500 after taxes, with each job costing Alto at least Y13,500. In December of the previous year some examiners earned as much as Y220,000.

SANDE MAINICHI interviewed several of these diligently moonlighting patent examiners (see separate article). They said they were always ready to take on this work and had little sense of guilt about doing so. One female examiner even flatly denied that she had ever done these things.

What surprised us, however, was that each section or field of the office had its own "fixer," who would distribute the work and get a kickback of Y1,200 per job. Said one such fixer:

"It's not a good thing, but all I did was take kickbacks from those above me. There are some examiners who refused to do these jobs. At first, the kickback was under Y1,000 per job, but the price went up. My relationship with Alto? That came about through the company president, who previously visited this office."

The elite of the patent examiners calmly maintained that they had simply done what had always been done. What is troublesome is the close relationship between the Patent Office and Alto.

We asked President Igarashi of Alto for an explanation.

"Before I established Aito Research, I was working for a company called Patent Data Center," he said. "There, we asked patent examiners to moonlight for us, producing abstracts of public patent reports for general use. I was in charge of this work, and through it I got to know several examiners. [The collective moonlighting] was something I asked them to do when I was in the first stages of setting up Alto, and it consisted of really nothing more than consulting with the examiners to make sure our reports

were of good quality. It's only appropriate to reward someone for teaching you something."

Having thus acknowledged the actions of the past, Igarashi went on to disclaim any such actions in the present. "Alto has created a software program that allows us to research this material mechanically; we now make no requests whatsoever of the examiners," he says.

But the "fixer" mentioned above flatly contradicts Igarashi's assertion. "Even recently there have been requests, although very few," he states.

At any rate, from what Igarashi says it appears that it was Patent Data Center (located in Minato-ku, Tokyo) that began these request to examiners to work on patent research for the firm.

We called upon Masamichi Nakamura, the managing director of Patent Data Center, which at one time received funding from the Invention Association, an extra-governmental organization of the Patent Office.

Nakamura is a former patent examiner. Though he claims to have no knowledge whatsoever of Igarashi's activities since the latter left Patent Data Center, he had this to say about the Center's requests to patent examiners to do some work for the firm in the form of researching patents:

"We asked associates outside the office to produce virtually all such abstracts. There were only a very few instances in which we asked Patent Office examiners whom I knew personally to do this work, and even that was more in the way of an odd job. How many examiners were doing such work? Less than a hundred. So each one of them probably did several hundred such jobs in a year."

Nakamura avoided giving us a specific figure. However, it is a fact that the company produces over 100,000 abstracts annually, and that Patent Office examiners were paid Y650 per abstract for part of that production.

Such moonlighting at the production of abstracts may be a problem not worth mentioning when compared to Alto's research attempts to squelch patent applications. But it should be kept in mind that examiners undertook work for Alto in the same lighthearted manner that they undertook the producing of abstracts. In addition, it is probable that Igarashi would not have been able to form such close contacts with the examiners if he had not been in charge of the production of these abstracts in his previous job.

Big Problems If the Americans Find Out

It is only natural that other patent research and information firms express outrage over this matter. Says Mitsuo Ogasawara, chairman of The Federation of Patent Services, an alliance of 14 such companies: "Tax Office inspectors and Patent Office examiners are outstanding even among government empioyees for the judicial-like role they play and the authority they wield. For this reason alone, they should not take on work from the private sector, let alone work connected with their own work. The fact is, this is an extremely serious matter."

"There is an extremely strong suspicion that the examiners broke the State Employees Law," adds Nihon University Criminal Law Professor Hiroshi Sakakura. "Even if they claim they did this work on their own time, outside normal working hours, they are still government employees who proffered an advantage to certain corporations. That's a big problem."

Watanabe, the manager of the Patent Office's General Affairs division mentioned at the beginning of this article, lamented the international ramifications of this incident "at this critical time."

What he means is this: Last April, the United States cited Japan's patent system as one barrier to trade. In May, under the provisions of the "Super 301" clause of a conservative trade bill, it placed Japan on a "Watch-list" of those countries suspected of having the most egregious trade barriers.

A report out of the Untied States Trade Representative's office states that "American firms are dissatisfied with the slow pace at which patent applications are processed by the Japanese Patent Office. It can take up to six years to get a patent approved...Japanese corporations flood the office with massive numbers of applications as a defense against and a means of excluding their American competitors."

It is a fact that it takes too long for the Patent Office to process applications. According to that office, it takes an average of three years and one month to process such an application in Japan, compared to one and a half years in the United States and two and a half years in Europe. With fierce international competition raging in high-tech fields, European and American firms are at a disadvantage in entering the Japanese market if they have to spend a lot to time securing patents.

Faced with this criticism from Europe and the United States, the Patent Office cites a shortage of examiners and the massive volume of applications. It is currently working to improve both these situations, for example by requesting an increase in the number of examiners (30 last year) and the right to limit the applications from the 100 most prolific patent-seeking firms to a certain technologically advanced range. In addition, last June it spent Y40.3 billion to complete the construction of a technologically advanced office building, in an attempt to become the world's first patent office able to accept applications electronically by computer.

Yet while these efforts were being made to assuage dissatisfactions from abroad, examiners engaged in high-tech fields were busily moonlighting in a collective manner. They maintain that they undertook this work on their own time; nevertheless the Americans cannot be blamed if they find in such activities an explanation for the slow pace of patent application processing.

Worse still, this amoral moonlighting that sought to proffer advantages to certain companies amounts to a national shame.

Says science journalist Hiyoshi Naya, author of "Intellectual Property Rights" (published by Chuo Bunko): "From autos to VTR's, the United States has been conquered by Japanese products. There is the sense there that they have to rely on intellectual property rights to survive, and they see Japan as the enemy of those rights. If this collective moonlighting on the part of Patent Office examiners is pointed out by the Americans, Japan will be in a fix. It's a major problem."

The incident throws into sharp relief a poverty-stricken aspect of this technological giant that is Japan.

"I Earned Y600,000 a Year Sometimes; My Superiors Tacitly Approved What Was Going On"—An Interview with Examiner A.

SANDE MAINICHI interviewed A., a Patent Office examiner who handled a relatively large number of jobs. The following is a summary of that interview.

[SANDE MAINICHI] How did you come to take on this kind of part-time work?

[A.] About two years ago, I was asked by a colleague in the same section.

[SANDE MAINICHI] When did you do the surveys?

[A.] On my own time. In my case, I went to work early or worked during lunch time. I don't think it posed any problems as far as my official duties were concerned.

[SANDE MAINICHI] You could do this work in such a short time?

[A.] If it involved something in my own field and if there were other, similar patents on file, then yes, I could, because I then had a sense of it. For that reason the middleman examiner would bring the work around to those examiners working in those fields with which the applications were concerned. These people already knew most of the applicable reference material, so they could have done it at home or on the train if they had wanted to.

[SANDE MAINICHI] About how many people in the same section were moonlighting?

[A.] I only know the field I worked in. I've seen the middleman examiner ask other examiners besides me as well. As for me, I could probably have turned down the work if I had wanted to. But it was something done on one's own time—that was how it was presented—so I ended up doing it over a long period of time.

[SANDE MAINICHI] About how many research jobs were you requested to do in a month?

[A.] About 10 jobs a month was the most I ever got. They had to be done quickly—in a week or five days.

[SANDE MAINICHI] Have you ever conducted patent research for the purpose of squelching an application from a firm that was a rival to the company for which you were doing the research?

[A.] I have no recollection of that.

[SANDE MAINICHI] Our materials suggest that you did. Ordinary surveys paid you Y15,000 per job, but these special jobs were paid out at the rate of Y40,000 or more. We have copies of the receipts and payment orders.

[A.] Sometimes, when asked to conduct a survey, I was told that this particular job would pay more than the usual. But these were jobs that had to be done more quickly than usual, so I merely thought that I was being paid for that.

[SANDE MAINICHI] What do you think about examiners, who are in a position much like that of a judge as far as patents are concerned, helping out a particular firm with this sort of research?

[A.] Thinking about it dispassionately, I'd say it was something that should not have been done. But at the time I had no notion that the surveys were to be used for such strange purposes.

[SANDE MAINICHI] About how much remuneration did you receive in two years?

[A.] In 1989 I received about Y600,000. I bought a camera and a video machine. Anyway I did it not because I was hard up and needed the money; I did it because I was asked to do so as a kind of favor, and felt obligated to respond.

[SANDE MAINICHI] Have you ever met the president of Alto?

[A.] No. I did all the work through an examiner who acted as an intermediary, a middleman.

[SANDE MAINICHI] We understand that there was also some work undertaken in the form of producing abstracts of public patent reports. By what route did such work come to you?

[A.] Sometimes the person making the request would hand me the materials directly. I've heard that sometimes the stuff is deposited in lockers for transfer. Many people take on such work.

[SANDE MAINICHI] Do your superiors know about it?

[A.] They have effectively given their tacit approval, I think.

Plans for Enthronment Structure Faces Deadlock

OW2005222890 Tokyo THE JAPAN TIMES in English 19 May 90 p 3—FOR OFFICIAL USE ONLY

[Text] Renovating and transporting an Imperial structure for the Emperor's Enthronement Ceremony is giving the government a headache because of opposition by several Diet members and bomb threats from radical groups. Takamikura

(the High Place) is a 6-meter-tall, shrinelike structure considered to symbolize the status of emperors as living gods.

According to opponents, using it for the state-funded Enthronement Ceremony would violate the Constitution, which calls for separation of politics and religion. They also say the use of Takamikura implies that the Emperor is still considered a deity, as he was before Japan's defeat in World W r II.

Takamikura, similar to a throne, is used exclusively for enthronement ceremonies. Emperors Showa and Taisho used it in ceremonies at the Kyoto Imperial Palace. The emperor is scheduled to make an enthronement speech from inside Takamikura Nov. 12. The structure, which is being kept at the palace, will have to be transported to the Imperial Palace in Tokyo for the November ceremony. For security reasons, the government has declined to discuss the timing or route of the move.

An ultra-leftist group, Chukakuha, has declared in its newspaper that it will blow the structure up. In January a projectile was fired into the Imperial Kyoto Palace; the case is still under investigation.

The government has appropriated Y420 million for repairing the structure, which needs to be repainted, and transporting it. Takamikura consists of a roof decorated with Chinese phoenixes and mirrors supported by columns above a 5.5-meter-by-6-meter platform.

"In an age when the sovereignty lies with the people, is it really necessary to spend Y400 million to repair a throne from which the Emperor will look down on the people?" Tetsuo Yamaguichi, a Japan Socialist member of the upper house, asked in a cabinet committee session.

The government maintains that the structure represents Japan's cultural heritage. "Takamikura is traditional and formal furniture that is at the core of the traditional ceremonies for Imperial succession," said Hiroshi Tada, chief cabinet councilor. "It has cultural significance. It is not meant to deify the Emperor."

* Dilemma of Professor Shortage Discussed

902A0138A Tokyo SANKEI SHIMBUN in Japanese 18 Mar 90 p 6—FOR OFFICIAL USE ONLY

[Current Economics Commentary by Tokai University Professor Hajime Karatsu: "Science and Engineering Teacher Shortage"]

[Text] **Widening Wage Differential**

It is well known that science and engineering students are abandoning the manufacturing industries, but an even more important problem is being overlooked. That problem is a decrease in the numbers of those who will become teachers.

Up until now the salaries of teachers in this field have been less than those paid by the manufacturers. This has reached a tragic proportion as the wage differential has gradually increased with high salaries being paid by the financial and securities businesses. Though the situation is better in the top-ranked universities, in the ordinary universities the problem of finding new faculty members in any of the science and engineering departments is a serious one. There has been an increase in the number of persons enticed to change occupations from out of the ranks of the younger assistant professors. Thus, those who choose to remain in the colleges will inevitably be the ones whose ability to deal with other people is minimal or who think it is too much trouble to enter the corporate fray.

This is an even more serious problem than the abandonment of the manufacturing industry by students in the sciences and engineering. If there is a shortage of professors who teach students, then the quality and quantity of graduates will certainly decline. If that happens, no matter how favorable the salary offered to attract students in science and engineering, there will be no supply and thus we will be strangled by our own hand.

A long time ago I read somewhere the story about greed and killing the goose that laid the golden egg, thus losing both source and future prospects; and exactly the same thing has started to transpire in Japan. To combat the reality of the departure of students from manufacturing, the manufacturers have astutely begun to do such things as build luxurious dormitories and improve salaries, but at the universities it is not that simple. That kind of maneuverability does not exist, particularly at the national universities . If we continue this way, before we know it, younger professors will only be those eccentrics whom society will not easily accept. As a result, we probably will be unable to avoid hiring from a supply of personnel who are odd from the outset.

Raise the Education Standard

It takes time to produce excellent professors.

In his budget message the other day President Bush even emphasized that education is the first step in the reindustrialization of the United States. He loudly declared that he would try to raise the educational level in the United States in the 21st century to the top level in world. Then he wove the measures to do that into next year's budget.

However, in the Japanese Diet the haggling by the various political parties over issues starting with the consumer tax has continued for a long time and is thoroughly disgusting.

Education must truly be a national plan for the new century. It is recognized throughout the world that Japan's high education level is the reason for Japan's economic prosperity and its success. And, since such things as the decline in the quality of those who aspire to become teachers and the abandonment of employment in the manufacturing sector by students in science and engineering programs are becoming real problems in a Japan where education has been so important, it is

probably unavoidable that people will take it to mean that Japan too, has finally lost its edge and is being carried away by its own success.

One of the things that was the subject of conversation last year was called revitalizing the local areas, and Y100 billion was scattered among cities, towns, and villages throughout Japan. I would like to know how much of an effect did this had.

The government does not know how to use money at all If there is enough excess for the government to use the heavy taxes we pay for this purpose, then I would rather they return the money to the people who have worked so hard to support the Japar of the future.

And, not only that, I was flabbergasted to hear this the other day, but Japanese Government expenditures for science and technology research for the most recent five years increased only 0.5 percent. Since that figure includes wages, the increase for real research funds was actually negative.

When you ask why, the answer comes back that there is a zero ceiling for increases. This is not something that should be impoverished by politics. This is beyond the common sense of the ordinary person.

* Roundtable Discusses Women in Work Place

902A0146 Tokyo ECONOMY SOCIETY POLICY in Japanese Mar 90 pp 2-13—FOR OFFICIAL USE ONLY

[Roundtable discussion with participants: Michiko Aoyama, director, Division of Consultation and Hazard Information, National Consumer Information Center; Takashi Shikashima, associate editor, Women's and Family Section, NIHON KEIZAI SHIMBUN; Eiko Shinozuka, assistant professor, Ochanomizu Women's University; and Kenji Murata, consultant, Social Policy Bureau, Economic Planning Agency]

[Text] *Almost four years have passed since the Equal Employment Opportunity Law was enacted. Women have made noticeable advancements in society, and their status has risen. It is even said that the "Age of Women" has arrived. But, there are underlying factors in this progress which will have a strong impact on the economy and society. Therefore, we have asked some specialists in this area to give us their views on the subject of women and economics in the 1990's.*

Progress in the Social Advancement of Women

Murata: Today's theme, "Women and Economics in the 1990's," encompasses an extremely wide range of problems. Exactly 10 years ago, a special edition of this magazine, ESP, was published, with the theme "Women and Economics." Therefore, I would like to start our discussion with a look back at the changes which have occurred during these 10 years.

In the past 10 years, there have been a great many changes, including an increase in the value of the yen. One of these changes was an increase in the social advancement of women.

Looking back at last year alone, we witnessed symbolic events, such as the appointment of two women to cabinet posts (Director General Takahara of the Economic Planning Agency, and Chief Cabinet Secretary Moriyama), as well as the election of many women representatives to the House of Councillors. These events show that women have been steadily advancing in many areas of society.

An example of that progress can be seen in changes in women's employment. A look at "The Status of Women's Employment" shows that the percentage of women who are in the labor force rose from 47.6 percent to 48.9 percent between 1980 and 1988. Also, the percentage of employed married women rose from 49.2 percent to 51.6 percent, or more than half of the total number of working women.

This same report also reveals that, of the total number of persons in the labor force, the percentage of women increased from 34.1 percent to 36.8 percent during the same period. Among them, the percentage of women aged 35 or over rose from 53.2 percent to 83.2 percent—a significant increase.

A look at industry classifications shows that nearly half of the employees in the service industries, finance, insurance, real estate, wholesale, retail, and eating and drinking establishments, are women. Furthermore, the section on classification by occupation shows that there are more women engaged in office work than in any other category, but also that the percentage of women employed in specialized or technical fields, and of those engaged in sales and administrative work, is increasing.

The number of men engaged in administrative work has leveled off, but the number of women has steadily increased from 110,000 to 160,000. The percentage of women in these occupations increased from 5.1 percent to 7.2 percent.

Thus, even if we look only at statistics on employment, we can see that there has been progress in the social advancement of women.

Now, I would like to discuss the factors which have stimulated the social advancement of women.

Shinozuka: I would first like to point out the international aspect as a factor which has stimulated the social advancement of women. The effect which international events, such as International Women's Year in 1975, and the United Nations Decade for Women, which followed that, had on women's level of awareness and on Japan's systems, cannot be ignored. We can also assume that movements like these were influential in the enactment of the Equal Opportunity Law.

The second factor, and I think this is connected with the same international trend, is the globalization of the

economy. If globalization continues, there will be a need, in the manufacturing industries, to make products which will be popular, not just in Japan, but all over the world. To accomplish that purpose, it will be necessary to gather ideas from all sorts of people. We can no longer expect effective product development, if we rely only on the uniform thinking that goes on in Japan.

In the past, product development and research have been done from a male point of view but, from now on, it will be necessary to do product development from a woman's point of view, and to create sales strategies with women in mind.

The third factor (a supply-side factor) is changes in education, which have stimulated the social advancement of women. The fact that women are attaining higher levels of education has been a topic of conversation for quite some time, but it is important to note that, in 1988, the percentage of women going on to college (including junior colleges) was 36.8 percent, exceeding that of men, 35.8 percent.

In addition to these factors, there are other important considerations, such as the decreasing number of children per family resulting from the trend toward the nuclear family unit, and a general diversification of employment, where the opportunities are no longer only for full-time positions, but also for part-time work, and work on an assignment basis.

Shikashima: I agree with most of the account that Ms. Shinozuka has just given. I would like to add that industries emphasizing service and information have gained prominence in the economy. Describing the situation in simple terms, I would say that we are shifting from an age where physical strength was valued to one where intellectual capacity is in demand, and that we now have an environment in which men and women can compete on equal terms.

With the growing importance of service and information, the knowledge-intensive aspect has also become more significant, but there has also been an emergence of radically simplified manual labor. In other words, there is now a trend toward the polarization of labor. The number of women entering the labor force has certainly increased, but the reality is that women are being drafted to do simple, manual work. As far as the nature of their work is concerned, they are still lagging behind.

I think that the keywords which best express jobs held by women are the "three Y's"—*yasui* (low pay), *yasashii* (easy), and *yameyasui* (easy to resign from).

"Low pay" represents the wage gap, which still has not been corrected. "Easy" represents the fact that the demand for unskilled manual labor has increased, making it easy for women to enter the labor market.

Reports are that the labor market has recently become very complex, with the presence of part-time, temporary, and student workers, as well as full-time permanent employees. The fields affected by this phenomenon are those in which women are active. That is, since women's work is quite simple and wages are low, it makes much more sense for companies to hire them as part-time, student or temporary workers, rather than as full-time, permanent employees. According to one account, by changing the status of a female employee from full-time to part-time, a company can save two million yen per year. Now, if 2-3,000 women are involved, expenses can be cut by four billion or six billion yen.

Therefore, though the growing importance of the service and information aspects of the economy has indeed provided employment opportunities for women, it has also created serious problems. Filling this gap will be a major task for the future.

I would like to add that, if asked whether or not the Equal Opportunity Law has provided more employment opportunities for women, I would have to say that it has not. We now have the Equal Opportunity Law, but advancements in employment for women are still ahead of us. And I don't think that women are naive enough to be manipulated by this law into entering the job market. Also, according to a survey done by Tokyo Prefecture, 60 percent of the women responding are of the opinion that the enactment of the Equal Opportunity Law has not affected the current unequal employment situation.

Changes in Society Observed in Consumer Advice Cases

Aoyama: My evaluation of women's employment is not as low as that of Mr. Shikashima, but I will get back to that later. As Mr. Murata mentioned in his overview, women are making rapid social progress in a wide variety of fields, but I feel that the area in which their influence has had the greatest effect on society as a whole is that of consumer affairs. In other words, movements in which women participate as consumers have gained a great deal of power over the past 10 years.

A look at the total number of consumer advice cases handled by the National Consumer Information Center shows that in 1970 approximately 24.1 percent were cases related to the safety, quality, or function of products—that is, about one-fourth. A recent survey shows the number of this type of case has dropped to about 5 percent. On the other hand, cases involving sales and contracts now account for 95 percent of the total, whereas, in 1970, they accounted for only 8 percent. In other words, in the past 20 years, the focus of consumer problems has shifted from products to service—sales, contracts, and the like. Behind this change is the increased importance of service and information which has stimulated the social advancement of women. Furthermore, I think that we should note that due to recent trends, such as overseas shopping, foreign futures trading, and foreign lotteries, women have acquired a new international outlook.

Until the early 1980's, most product-related consumer problems had to do with products sold in stores, but

recently the focus has shifted to problems relating to non-store, door-to-door, and mail-order sales.

Thus, the generally recognized economic and social changes can be understood through an examination of the changes in the nature of consumer problems. At the National Consumer Information Center, we have been running a National Consumer Trend Survey, which is directed toward married women. The responses to this survey clearly show in what areas of their lives women seek fulfillment. The most frequent response is the desire to be rid of anxieties about old age, but the proportion of women who seek a more leisurely lifestyle is increasing. I think the role of women is changing radically amid these social and economic changes.

As far as the Equal Employment Opportunity Law is concerned, we will have to determine its effectiveness over a long period of time, but I do think its enactment was an epoch-making event. However, there were external pressures operating, such as the Convention on the Elimination of All Forms of Discrimination Against Women. And women already in the work force feel that the Equal Employment Opportunity Law is inadequate, and that the attitude of men remains unchanged.

Murata: We have just heard three very divergent views, which I will attempt to consolidate. Spurred by changes in economic aspects such as the increasing importance of information and services, and internationalization, employment and consumption conditions have been created which require the social advancement of women, and which are making it possible. On the other hand, women have been making independent efforts toward advancement (attaining higher levels of education, for instance) and are keeping in step with these conditions.

Furthermore, there have been changes in the length of careers, evidenced by a marked increase in the number of working women aged 35 or older. Ms. Shinozuka pointed this out earlier—since people are having fewer children, the amount of time taken up by child-rearing has decreased. And, since the average life span is increasing, we can estimate that, within the life span, there will be a period of 30-40 years after child-rearing is finished. Then, we have the question of whether or not women can find sufficient fulfillment in lives involving only homemaking. According to a survey that the Social Policy Bureau did three years ago, the number of women who do not want to spend their lives doing only housework and child-rearing accounted for 72 percent of the total number of respondents, with women aged 20-30 accounting for 82-85 percent. The overwhelming response from women in their twenties and thirties shows that this change in career length and life span has stimulated the social advancement of women.

However, I do not think that all working women are finding satisfaction in their work. As you have all indicated, there are indeed aspects of the social advancement of women which has occurred over the past ten years which are praiseworthy and, also, those which are not.

The Demands of Women on Enterprises

Shinozuka: Certainly, the number of working women has increased but, within those numbers, there has been a polarization. Those women who have been able to obtain good positions, and have been fortunate enough to be promoted find their situations improving, but those who have not had such opportunities are truly helpless.

In 1975, and for ten years after that, it was standard for women to be hired as part-time or informal workers, due to the changes in the labor market brought on by the oil crisis. However, since 1985, fewer and fewer women have been attracted to part-time work. On the other hand, since the number of women who wish to be active in society has steadily increased, we will eventually face a situation in which it is extremely difficult for women to find suitable employment.

What I have been hearing lately is that there is a tendency for women who are reluctant to accept low-paying jobs to start their own businesses. This is fine for those women who have the talent to do so, but for those who do not, there is only part-time work. I feel that a hierarchy in women's employment has been created.

There is a need for occupational training facilities and courses for women reentering the labor market. Also, at present there is no law to assist women who are at the bottom of the scale. We need something in addition to the Labor Standards Law to help these women.

Murata: We just heard it mentioned that women are starting to set up their own businesses. There are probably many instances of talented women who cannot find suitable positions in existing enterprises starting their own companies, and these companies may well develop into industries which fit the new requirements of consumers. However, I feel that, in general, it is probably more important to consider what influence the increase in women employees will have within enterprises.

Shikashima: It is my opinion that the effect on the economy and on enterprises brought about by women entering the work force is greater than even women realize.

I heard from a company executive that the labor shortage problem will grow more and more serious. The reasons he gave for this are the tendency of women to marry later and soaring land prices. When women enter the labor market, they tend to marry later, and the birth rate declines accordingly. High land prices create housing problems, which also lead to a decline in the birth rate. And these problems will become more serious as time goes on.

Furthermore, the shortening of working hours is a major problem which women have brought to the attention to enterprises. Since women are responsible for the running of households, for instance, if they have to work even ten or twenty minutes overtime, they may be late in picking up their children from day care centers, or they may not be able to get to the neighborhood supermarket before it

closes. Therefore, a strong "allergic reaction" to long working hours has developed.

In the past, enterprises have concentrated entirely on efficiency, and their evaluation systems have rated employees on the basis of enthusiasm and talent. But now that women are involved, companies will have to take working conditions into consideration. This is a major issue, and may result in women changing the nature of the business world.

As far as the personnel system is concerned, the present system, which operates under the assumption that men will stay with a company for their entire career, and that women will resign after a short period of time, will have to be changed. Companies will also face the problem of providing opportunities for talented women.

In that sense, the social advancement of women will have a considerable effect on enterprises, and there will be a new task for them—devising new methods to deal with female employees.

Shinozuka: I think that a very important point has just been made. As Mr. Shikashima mentioned, we must be aware that the social advancement of women will be extremely influential in changing the nature of Japan's labor and management practices. This is a matter which has received almost no recognition until recently.

For instance, until recently, the most important factor in the regulation of employment has been working hours. Working hours were adjusted to accommodate fluctuations in business activity. Japanese enterprises have experienced growth using this system, but now that women have entered the labor market, this sort of regulation of working hours is no longer feasible.

The simplistic view has been propounded that since women are now working alongside men, men should help with the housework. This issue has nothing to do with the problem of working hours. If companies intend to change their personnel systems to accommodate women, they must be prepared to sacrifice some economic growth. Or, they must use women's working habits as their standard and, in order to maintain economic growth, devise some technique to increase production.

Are enterprises which are hiring women prepared to make these changes? One company, upon hearing that another company has hired some number of female college graduates, will do the same for appearance's sake. I think that we will see all sorts of problems arising until the position of women in enterprises becomes established in the same way as that of men.

Will the Number of Women on the Executive Track Increase?

Murata: I think that this relates to the issue of becoming established, but with the enactment of the Equal Opportunity Law, we now have two occupational classifications—the generalist on the executive track and the specialist who will do the same job throughout his career. How much of an increase will there be in the number of women choosing the executive track?

Shinozuka: The number of women on the executive track has been increasing, little by little, but I don't think we will see a great increase in the future. The possibility of becoming a "superwoman" who has children, keeps her house in impeccable order, and has a satisfying career, is beyond the reach of most women. This might change if the practice of working at home became established, or if all overtime work were eliminated. However, most women simply cannot keep pace with the present system, which expects women to work at the same level as men, in addition to fulfilling their household responsibilities.

Shikashima: Our newspaper once ran a survey on the question of how many women should be on the executive path, and the response we received was 30 percent. I think this estimate is rather high.

For men, we have what is called the "*sashimi* rule" [Translator's note: *sashimi* means "sliced raw fish". Here, it is also a pun. "Sa" is *san*, or "three", *shi* is "four", and *mi* is another way to read the Chinese character for "three." This rule is actually used in describing fish—i.e., 30 percent is used for *sashimi*, 40 percent is cooked, and the remaining 30 percent is thrown away.] Of all male employees, 30 percent are enthusiastic about their work, 40 percent are average, and the remaining 30 percent are hopeless. Going by this rule, the 30 percent figure seems appropriate, but it is difficult to imagine enterprises' placing so many women on the executive track and, in actuality, there are only a very few examples of this actually taking place.

Shinozuka: Of all the women who have entered the business world on the executive track, I wonder how many are still there. These are very demanding jobs. I am not saying that it is too difficult for them to work on the same level as men, but that after their day's work is over, they still have housework to do.

Shikashima: I know a woman on the executive track at a trading company. Her husband usually gets home about nine o'clock at night, but she entertains customers two or three times a week. On those nights, she doesn't get home until after midnight. Her husband gets his own dinner, prepares his own bath, and starts feeling sleepy. In the meantime, his wife is singing "Sans Toi, Mami," or the like, at a *karaoke* bar. Then, she comes home with the smell of alcohol on her breath. Her husband couldn't possibly be pleased with all this. In cases like this, unless her husband is sympathetic to the rigorous demands of her job, the woman has no choice but to resign.

Aoyama: The number of working women will increase, but the working habits of women are completely different from those of the so-called "elite" male workers. I think the increase of female part-time workers is an abnormal phenomenon which has occurred in the midst of rapid social changes.

Unless society and systems change, I don't think our society will measure up to international standards, as least as far as the position of women is concerned. But it is true that the attitudes of young men are changing rapidly.

A while ago I saw an NHK program which mentioned the recent "Masuo-san phenomenon." Masuo-san is a character from the television program "Sazae-san." He and his wife live with her parents. Apparently, schools for prospective grooms have been established to prepare young men who are planning to have living arrangements similar to Masuo-san's. These men pay 160,000 yen for a six-month course, in which they study such subjects as women's new concept of marriage and new concepts in lifestyles. At the end of this course, we have a bridegroom whose attitudes have been revolutionized.

Also, the relationship between the groom's mother and her daughter-in-law is changing. Now there are more mothers-in-law who say, "I don't mind if my son's bride doesn't know how to do anything. I want someone to talk to, and who will go shopping with me. I would like a daughter-in-law who is like a friend."

In other words, I think that Masuo-san and the mother-in-law who wants a friend are examples which show that changes in attitudes which support a society in which women are employed are occurring more rapidly than we may think.

The results of a survey of 1,000 married women (Women's 21st Century) run by the Consumer Product Scientific Research Center show operated by Ms. Saeko (Saigusa) show that currently 74 percent of these women find it difficult to maintain a balance between career and family, but that almost 50 percent predict that this will become easier in the 21st century. This is in contrast to rather pessimistic responses to questions regarding their predictions about politics and internationalized society. This survey shows that women are likely to continue their search for a way to balance family and career.

As to the question of what married women who have entered the labor market will do, there is now a movement called "prosuming" by Toffler, where the producer and consumer are one and the same. I think that consumer movements which encourage companies to provide products which are safe, and which are really needed, led by women who can draw upon their experience as consumers, will become even more active in the future.

Therefore, the concept of work is likely to change considerably. Of course, most women have no intention of working at the same level at which men have been working, and a new women's style of working will probably be created which is contrary to men's working habits. I think it is also possible that men, rather than demanding that women work as they do, may change their working habits to match those of women.

From my experience with consumer problems, I have learned that women are capable of making extremely intelligent choices, and I hope that society will gradually change in such a way that women can be more involved in it.

The Changing Nature of Consumer Problems

Shinozuka: I have no experience with consumer problems, so this is a good opportunity for me to learn. Do you think that if women continue to strengthen their perceptions—not only as consumers, but as producers, or workers, that they will be able to be involved with consumer problems as much as before?

Aoyama: I think that as more married women enter the work force, men's working habits, which have been the model, will change. That is what I meant when I spoke of "prosuming." I think that women will change society's concept of work.

Murata: I agree that the concept of work will surely change, but will the traditional consumer movements remain? I hear from members of regional consumer groups that meetings are always attended by the same people, and that there is not much participation by young people....

Aoyama: Consumer groups are diversifying. With consumer problems, we receive judgements from the users about whether or not a product or service which is claimed to be useful to us in our daily lives is really satisfactory. Therefore, it is my view that in the future we will hear many more opinions from male consumers. Also, since advancements in technology will create revolutionary products which we cannot even imagine at this point, there will probably be an increase in problems relating to inadequate instructions about their use.

In other words, traditional consumer problems may disappear, but with new advancements in technology, in addition to traditional wisdom about living which has been transmitted vertically, consumer movements may seek new wisdom through a horizontal connection, and continue to exist in that new form.

Shikashima: I think we need a wider perspective—in other words, we need to contemplate regional and family problems from the point of view of those who are living in their midst. Last year's White Paper on the National Living Standard cited that men in their thirties tend to overwork. The white paper proposed that women and the elderly share the extra work done by these men—a suggestion that I find rather unrealistic. However, last year, some United States corporations—AT&T, for one—introduced job-sharing.

In the past, men have devoted most of their energy to their jobs, and it is my feeling that job-sharing was established so that some of this energy could be devoted to family and community. Though there may actually be many problems with this system, the concept of job-sharing is theoretically sound. One job is performed by A in the morning, and by B in the afternoon. Then, A

attends to community problems in the afternoon. Since, with job-sharing, salaries are cut in half, both husband and wife must work.

Escaping From the "Part-time Trap"

Murata: As the importance of information and services increases, there should be a considerable decline in the need for employees to be male, shouldn't there?

Aoyama: Our consultants, for instance, have the opportunity and the talent for full-time jobs, but they have chosen to work part-time. When I ask them why, these women often say that they are not working to attain wealth or position, but to put some purpose into their lives. I think the sort of lifestyle where freedom is put before wealth will take hold, with both men and women.

Murata: When we think of part-time work, the thought that comes to our minds is of work without any particular substance, but that situation seems to be changing.

Shinozuka: In Japan, part-time jobs such as supermarket checkout and factory assembly-line work have become established. But in Europe, there are many part-time workers in specialized and administrative occupations. If this type of part-time job takes hold in Japan, the situation should change significantly.

Murata: Recently, in the distribution sector, such as eating and drinking establishments and supermarkets, the number of part-time jobs where employees need to have decisionmaking skills, job knowledge, and experience is increasing. Is this because pay is still very low?

Shinozuka: If part-time employees have the same responsibilities as full-time employees, then they should be made full-time employees.

In Japan, hourly wages for part-time work are on the same level as the minimum wage. But, in Europe, there is only about a 10 percent difference between part-time and full-time wages. And, since there is no bonus system for full-time employees such as we have in Japan, there is no difference between part and full-time pay, except that determined by the number of hours worked. If we had such a system here, I don't think that people would feel so miserable about working part-time.

Shikashima: When I was collecting data in Sweden, I learned that there, too, hourly wages are basically the same, and that it is possible to choose a six-hour day, depending on the nature of the work. People are working part-time, not because there is no other choice for them, but because other aspects of their lives come first.

Murata: In order for that to happen here, it would be necessary to make radical changes in the management policies and personnel systems of enterprises. I think what will ultimately bring about such changes is a labor shortage.

Shikashima: That is probably correct.

Shinozuka: People are already worried about a labor shortage, and that will become a serious problem after 1995, when the productive population reaches a ceiling, and starts to decline. Companies should be thinking about the fact that, five years from now, the total number of workers will have decreased, and that it will be difficult to hire people, particularly young people. They should be seriously studying how to use women to advantage when that time comes.

Murata: Now I hear people saying that companies which don't know how to use female employees to advantage will not survive. I do not know, though, whether they are seriously considering this problem.

Shikashima: In the United States, a serious manpower shortage has been forecast for the year 2000, and the status of the female work force has improved considerably.

In Japan, too, if we do not establish a system designed to tailor working conditions to women, and which allows women to carry out both their home and career responsibilities effectively, with such provisions as child-rearing leave and home-care leave, then women will not be able to participate actively as members of the labor force.

The "Kitchen Aesthetic" and Its Limitations

Murata: Now I would like to discuss the outlook for the 1990's.

Recently, there has been much talk about placing more emphasis on lifestyles and on consumers. Our agency, too, is aware that this is, in a sense, a natural direction for the economy to take. We are studying various measures which might be implemented in that direction, and one important matter to be considered is the role of women. In particular, what will happen to the role which women have played in the past—that is, the role of responsibility for consumption, based on the "kitchen aesthetic." Also, from the production aspect, how will the paradigm of the business world, which emphasizes efficiency, be altered by the employment of women? I think these are key points. What are your opinions on these matters?

Aoyama: I think that it is safe to say that at present there are no enterprises which are contemplating changes in this paradigm. This shows how tradition-bound Japanese enterprises are in their attitude toward and their lack of regard for women.

However, I am not completely certain that the twenty-first century should be designated as the "Century of Women." I think we should aim for something like "The Century of the Human Race," or "A Society in Which Men and Women Work Together."

What society should do to improve our lives is to place more importance on everyday life. Enterprises, also, will need to incorporate this new concept. One way to tackle this subject is to recognize the value of women's observations about

everyday life and their incisive views about existing society, derived from their experience as consumers.

Shikashima: I am in slight disagreement about placing importance on the "kitchen aesthetic" and on ideas obtained from daily life.

It is true that placing importance on ideas from everyday life has brought products which are directed toward women into being, and last year, in the House of Councillors, the importance of the "kitchen aesthetic" was often mentioned. But the reason that so much attention was focused on the subject is that that point of view was completely lacking in a society which is centered around men.

However, I think it is unreasonable to think that someone can have a successful career in politics, armed with the "kitchen aesthetic," or that one can do the same in the business world, armed with ideas from everyday life. To be able to draft policies or to operate as a mainstay in an enterprise, one must, at least for the time being, discard the "kitchen aesthetic" and ideas derived from daily life, and place oneself in the mainstream as a politician or a member of the business world.

As for the outlook for the future, I think that there is very little chance of the paradigm of the male-oriented business world changing. It is true that since the enactment of the Equal Opportunity Law, adjustments have gradually been made so that women can have better jobs. But, as Ms. Aoyama pointed out, the attitude of men, who tend to look down on women, has not shed its old pattern. And it seems that there has been very little change in management psychology.

Therefore, I think it is unrealistic to expect rapid changes, but that we should not lose hope. I think that, in the long run, women's perceptions from their experiences in everyday life, and the benefits of a long tradition of running a household will ultimately infiltrate the business world, and that changes will occur gradually.

Last year I spent about a month in the United States collecting data, and noticed that the so-called "excellent companies" are putting a great deal of effort into employee welfare, in order to ensure the availability of a work force. For instance, IBM has a three-year long-term leave policy, which the employee can use for child-rearing, or for study. The definitive difference between this and the Japanese system is that this type of leave is available to men, as well as women. In other words, the idea that men, too, have family responsibilities, has taken hold. The same is true in other nations, such as Sweden.

The nature of the business world is gradually changing in Europe and the United States. It is possible that changes in this direction may also occur in Japan.

Shinozuka: I, too, disagree with the idea of dealing with women based on the "kitchen aesthetic." Both men and women must have a "kitchen aesthetic," since everyone is living and eating. Women must think about both aspects—consumption and production. I do not think that it is necessary to place great importance on the "kitchen aesthetic" of women, who bear the responsibility for consumption.

What should be emphasized is that though more women may attain positions in the hub of economic activity, they cannot work at the same level as men. There will definitely be demands for adjustment of working hours to meet the needs of women, and for public welfare systems and facilities which will assist women. Then, if other conditions remain the same, the vitality of enterprises will probably decline. What I am saying is that it is extremely difficult to create a framework in which the female work force is used to advantage, without decreasing the vitality of enterprises, and without creating a burden on family life.

In the past, it was necessary to attract men to enterprises, and since they spent the bulk of their time there, to create pleasant work places. Opportunities for employees to play golf, and for entertainment and banquets were created so that the employees would be able to devote themselves wholeheartedly to their work, and thus a sort of "company culture" was formed. However, women will probably not be able to take advantage of this company culture in the same way that men do. It is more likely that we will move toward a culture where men and women spend time together, and which is centered on the community.

However, that sort of culture cannot be created by women alone. Nor can it be created by men alone, or by enterprises alone. After all, in a society where women are important members of the labor force, everyone in Japan must participate in writing the scenario.

These conditions are not necessarily connected with the "kitchen aesthetic" or with ideas derived from daily life. I think that from now on an important theme will be devising a way to transfer the focus of culture from enterprises to the community, without causing a decline in economic vitality.

There is no doubt that conditions such as the decline in birth rate and labor shortage will provide opportunities in the direction for using the female work force to advantage. We must make the most of these opportunities, and establish conditions which will make it possible to convert the company culture to a community culture.

The New "Borderless" Aspect of Male-Female Relationships

Murata: In the past, since the relationship between women and economics has been described using the words "kitchen aesthetic" and "the bearer of responsibility for consumption," it has been limited to the consumer aspect of daily life. Now, along with an increase in women working for enterprises, we are moving in a new direction which emphasizes the viewpoint of women as it differs from that of men, and where

product development is done with the perceptions and sensitivity of women, and the requirements of consumers, in mind.

However, I am not certain that it is a good idea for women to be appreciated only for their perceptions and sensitivity.

Shinozuka: But the vast majority of people responsible for products and advertising are men, so I think that there is still plenty of room for developing products which women truly want.

I agree that women cannot make progress relying only on their sensitivity, but 60 percent of the GNP is derived from consumption and, since women are the main consumers, if products appear which truly capture the hearts of women, they will certainly make a hit.

Murata: Yes, but if men, too, reach the point where they are able to spend more time thinking about family matters, won't these conditions change?

Shikashima: I often hear the word "borderless" now. The reason that such emphasis is placed on a woman's "kitchen aesthetic" is that there is a "border" between men and women. But, in the future, men and women may be able to have borderless relationships. In that case, less importance will be placed on the perceptions and ideas of women. On the contrary, more value may be placed on men's "kitchen aesthetic."

In other words, I think we are moving in a direction where the "wall" between women (the consumers) and men (the producers) will eventually be removed, and the values of both will have equal importance.

Aoyama: I, too, think that there is a strong possibility that men's ability in household affairs and their perceptions of everyday life will be demonstrated. As life spans become longer, importance will also be placed on the way the elderly perceive everyday life. I sincerely hope that someday we will have a society where everyone's perceptions of daily life, male or female, will be valued.

Murata: But, if society is to change, conditions must be changed to prepare for that.

Shinozuka: Enterprises cannot do very much along those lines. It will be very difficult for them, unless somehow labor-saving methods are established, and they are able to use women to advantage.

Aoyama: As far as consumer problems are concerned, I have noticed that in Europe and the United States, companies are making every effort to acquire information about consumers. In Japan, the number of consumer advice cases that we are aware of at the administrative level is 300,000-400,000 per year. In the United States, just one company on the level of listed Japanese enterprises may handle ten times that. These firms have introduced computer systems and toll-free telephone numbers, and handle and dispose of several tens of thousands of cases every day. The information thus obtained is then used for marketing purposes. I think that Japanese enterprises have only gotten to the stage of creating channels to handle consumer problems.

From that point of view, enterprises which do not make use of information from everyday life about consumer requirements will lose the ability to compete on an international level.

New Methods for Caring for the Elderly

Shinozuka: Another issue which we will face is the problem of caring for the elderly, as it relates to the social advancement of women, as our society continues to age.

A system allowing its employees time off to care for the elderly has already been implemented at department stores, and other firms where female employees are indispensable. But, where this system does not exist, many women who have put a great deal of time and effort into their careers will be left with no choice but to resign.

Shikashima: Another problem is whether or not this should be a system which applies only to women. Since there are many women who do not wish to care for their husbands' parents, when such care is necessary, it should be possible for men to obtain leave for this purpose. However, Japanese men fear that if they are absent from their companies for as long as one year, they will be told they are no longer needed. In other words, it will be necessary to change their attitude toward their jobs.

Shinozuka: The Kikkoman Corporation has introduced such a leave policy which applies both to men and women, but I have heard that all those taking advantage of it have been women.

Shikashima: In Sweden there is a 360-day child-rearing leave (formally called "parent insurance") which can be taken by both men and women. This leave has been used by 100 percent of women, and 25 percent of men. I think the fact that one man in four has taken advantage of this leave is quite impressive. Japanese men would be very reluctant to take an entire year off.

Aoyama: I think that we will see changes in the lifestyles of the elderly, as well as in the responsibilities of men and women. The elderly will certainly take on more responsibility in the community, and seek to be useful to society by doing volunteer work, which is what is happening in Europe and the United States. In that sense, I think the elderly will cease to be solely people who have to be cared for.

On the other hand, our society is one in which the numbers of the elderly will increase, to the point where the resulting problems cannot be dealt with only within the family. The time has come for society as a whole to devise a way of creating a network to support the independence of the elderly.

Also, they say that the number of bed-ridden, senile elderly persons is extremely large but, if their lifestyles are improved starting when they are young, and more

rehabilitation facilities are established, their numbers should decrease. I don't think it is advisable to give excessive care to the elderly.

Shinozuka: I agree. Ms. Yumiko Okuma of the Asahi Shimbun tells me that the use of the expression "bed-ridden" with reference to the elderly exists only in Japan. I think it is important to get the bed-ridden elderly out of bed and walking with a cane.

Murata: I would like to summarize what we have discussed today. It is evident, as it should be, that a discussion of women's problems must also involve a discussion of men's problems Now we are at a turning point, as we move from the 1980's to the 1990's, and I think I have once again been made aware of the major problems which will result in a reexamination of many areas of our lives—family, community, enterprises, economics, and society, from a different angle.

Shinozuka: The role of women in the past ten years has been only an auxiliary one. But new phases will certainly appear in the next ten years. Five years from now, there will definitely be a labor shortage, and the economy will have further globalized. Unless we can take positive measures to use women to advantage, I don't think we can maintain our economic vitality. For that purpose, we must revise existing systems and create new ones which will make it possible for women to work. The decline in the birthrate makes this even more important.

Murata: These proposals should be made by men, as well as by women, and should considered by men to be their problems, too. We must also give consideration to these matters when developing economic policies.

We have exceeded the time allotted for this discussion, so I would like to end now. Thank you all very much for your participation today.

Alleged Secret Agent in BBC Burmese Section

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18 May 90 p 14—FOR OFFICIAL USE ONLY

[Terry McCarthy report: "Burmese Secret Agent 'Is Working at Bush House'"]

[Text] An employee of the BBC's Burmese language service in Bush House is a secret agent for the Burmese government's Military Intelligence (MI), and 18 months ago he betrayed an informant for the BBC in Rangoon who was subsequently arrested and tortured, according to a report in a newsletter published by Burmese exiles in Bangkok. The alleged spy, who continues to work for the BBC, was not available for comment yesterday. The BBC says it has conducted an investigation into allegations of spying against a member of their Burmese Service, but a spokesman for Bush House said last night that "there is no evidence against this chap."

The Rangoon informant was a lawyer, named Nay Min. During and after the upheavals in Burma in 1988 he had been passing information to the BBC by telephone. But in October 1988 he was arrested, sentenced to 14 years for spreading false news about the Burmese government and imprisoned in Insein Jail in Rangoon. According to a letter written by a recent visitor to Insein, a copy of which was received by THE INDEPENDENT last week, Nay Min has been tortured repeatedly with electric shocks and badly beaten, has developed a heart complaint, and is feared to be close to death. Amnesty International has taken up his case, and the BBC itself says it is working "behind the scenes to alieviate his position."

After the crackdown on pro-democracy demonstrators by the Burmese military in September 1988, Nay Min continued to pass information to the BBC by a complex system of secret telephone numbers and codenames to protect his identity from the MI. His code name, "Eastern Star," and his telephone contact numbers were only known to six people within the BBC. According to the Burmese exiles' newsletter, Dawn, published yesterday in Bangkok, the codes were given to a seventh person in the BBC in October 1988 when staff members who normally contacted Nay Min at a designated hour were absent. Two days later, Nay Min was arrested.

The Burmese military junta maintained tight control over the domestic media, but is unable to stop the BBC's Burmese language news broadcasts from being listened to. Many Burmese rely on the BBC for news about their country, and Bush House receives more letters from Burmese listeners than from any other of its foreign language broadcasts. The Burmese military regularly denounces the BBC in the domestic press, and has published a book which accuses the BBC of taking part in a "traitorous conspiracy" to undermine the government.

The BBC yesterday tried to play down the accusations. "This is not the first time that these rumours and allegations about a member of the BBC Burmese service have surfaced," said the BBC spokesman. But, he said, after investigation "no shred of evidence has appeared to support the allegations, which remain unsubstantiated." However, he said that the BBC was taking the allegations very seriously. The Foreign Office said last night that it was aware of the allegations against the BBC's Burmese Service, and had been involved in the investigaion. "They have discussed it with us," said a Foreign Office spokesman, but said it remained a "managerial point" for the BBC.

Nay Min's case has been followed closely by journalists in Bangkok, and a specialist writer on Burma for the Far Eastern Economic Review, Bertil Lintner, has refused to file any reports to the BBC until the alleged MI agent in Bush House is dismissed. The Burmese Government has not allowed journalists to visit Burma since last July, and has barred all foreigners from visiting the country in the run-up to elections due to be held 27 May.

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